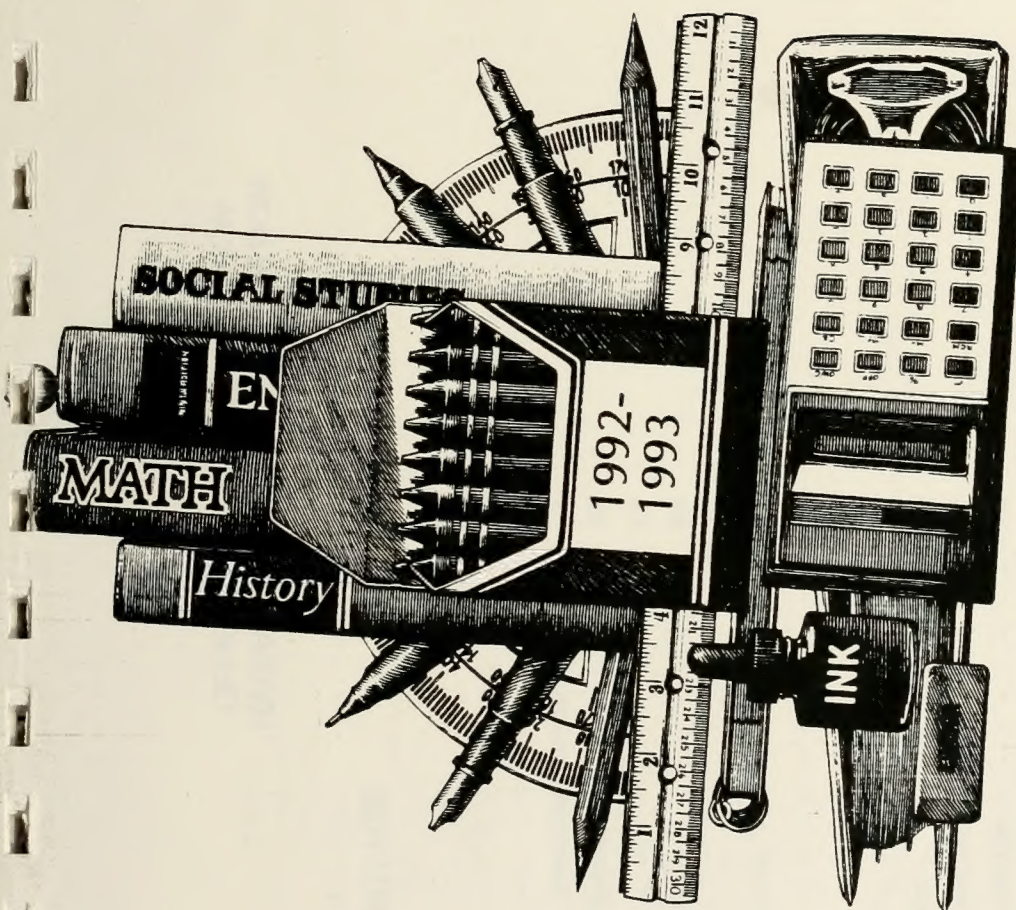


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BUDGET REQUEST
Office of Public Instruction
Nancy Keenan, Superintendent

STATE DOCUMENTS COLLECTION

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OFFICE OF PUBLIC INSTRUCTION
NARRATIVE BUDGET JUSTIFICATION

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OFFICE OF PUBLIC INSTRUCTION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	127.73	129.58	127.73	6.00	133.73	127.73	6.00	133.73
Personal Services	3,732,175.45	4,054,076	4,147,509	184,570	4,332,079	4,140,913	184,148	4,325,061
Operating Expenses	2,332,117.06	2,419,986	2,515,647	676,156	3,191,803	2,505,095	722,499	3,227,594
Equipment	308,447.27	57,872	83,352	77,014	160,366	83,352	33,346	116,698
Local Assistance	303,967,033.46	393,168,937	418,668,937	18,297,000	436,965,937	418,668,937	17,825,000	436,493,937
Grants	5,436,688.38	4,132,782	4,132,782	430,800	4,563,582	4,132,782	436,800	4,569,582
Transfers	360,000.00	490,641	420,195	4,854	425,049	420,195	6,031	426,226
Total Agency Costs	\$316,136,461.62	\$404,324,294	\$429,968,422	\$19,670,394	\$449,638,816	\$429,951,274	\$19,207,824	\$449,159,098
General Fund	45,056,327.94	44,969,980	45,158,774	112,812,561	157,971,335	45,135,215	128,312,959	173,448,174
State Special Revenue Fund	263,532,664.08	351,576,475	377,071,039	-94,345,500	282,725,539	1307,380 4285	266,720,817	
Federal Special Revenue Fund	6,771,386.94	6,899,453	6,894,245	1,203,333	8,097,578	6,896,767	1,245,333	8,142,100
Proprietary Fund	776,082.66	878,386	844,364	0	844,364	848,007	0	848,007
Total Funding Costs	\$316,136,461.62	\$404,324,294	\$429,968,422	\$19,670,394	\$449,638,816	\$429,951,274	\$19,207,824	\$449,159,098
State Superintendent's Office	709,599.64	376,639	692,110	28,931	721,041	692,296	29,106	721,402
Central Services	2,085,494.20	2,362,109	2,278,015	17,215	2,295,230	2,257,041	-13,961	2,243,080
Educational Services	3,949,584.23	4,261,811	4,196,578	1,327,248	5,523,826	4,200,218	1,367,679	5,567,897
Distribution To Public Schools	309,391,783.55	397,323,735	422,801,719	18,297,000	441,098,719	422,801,719	17,825,000	440,626,719
Total Program Costs	\$316,136,461.62	\$404,324,294	\$429,968,422	\$19,670,394	\$449,638,816	\$429,951,274	\$19,207,824	\$449,159,098

Mission and General Description

It is the mission of the Office of Public Instruction to advocate, communicate, educate, and be accountable to those we serve.

The office provides services to Montana's school-age children and to over 9,500 teachers in 538 school districts. The staff provides technical assistance in planning, implementing and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum and telecommunications, school finance, and school law. The staff administers a number of federally funded programs and provides a variety of informational services.

The Chief State School Officer provides leadership, direction, training and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing prescribed duties requiring the Superintendent's personal attention or representation.

The Educational Services Program provides curriculum development, information, education, evaluation and planning support to school districts throughout Montana. Additionally this program assists school staff directly through site consultation, research, needs assessment, material development and inservice education. This staff also prepares recommendations for school accreditation and operates a teacher certification program.

The Centralized Services Program provides data processing, financial and administrative support for educational programs available in Montana's schools at the elementary and secondary levels. Staff members manage state and federal financial resources for schools, and based on a thorough review of district financial and enrollment reports, distribute over \$440,000,000 in appropriated and non-appropriated state and federal funds to 538 districts on an annual basis.

The Office of Public Instruction has a staff of less than 128 FTE comprised of curriculum specialists, accreditation specialists, accountants, data processing managers and general administrative personnel. The FY91 appropriation for the Superintendent's office is in excess of \$400,000,000. The office is directly responsible for the distribution and management of state equalization aid, guaranteed tax base support, special education funding, transportation, and an additional 40+ federal and state earmarked programs/grants, several of which require unique reporting from each of the 538 school districts in the state of Montana.

The Superintendent also serves as a member of the State Board of Education, the Board of Public Education, the Board of Regents, the Board of Land Commissioners, and the Teacher's Retirement Board. The Office of Public is responsible for several major school programs including: special education, financial aid to school districts, gifted and talented programs, curriculum assistance to Montana's 9,500+ teachers, school accreditation, teacher certification, Chapter 1, K-12 vocational education, school foods, transportation, and traffic safety. The Superintendent also serves as an advocate for education throughout the state of Montana. Additionally the office annually provides ongoing training to new district personnel. A significant number of school district staff turn over on an annual basis.

During the 1990 special session, HB28 was passed which dramatically increased the financial management responsibilities of the office.

Agency Organization

The Office of Public Instruction is organized into three

functional areas: the Superintendent's Office, Curriculum Services and Operations.

The Superintendent's Office responsibilities include personal staff, the Deputy Superintendent, legal services, certification and accreditation and personal/clerical staff to support those functions. This area sets education policy, interprets law, issues legal decisions and interpretations as required by statute, and is responsible for the certification of over 12,700 education professionals and the accreditation of Montana's 538 school districts.

The Curriculum Services Department provides instructional and curriculum services to school personnel throughout Montana. Additionally, the provision of support for various Federal programs and special education originate in this department. Annually, workshops, on site assistance, and curriculum guides are provided for all areas of K-12 education and adult basic education. The telecommunications project and state audio visual library also reside in this department.

The Operations Department is responsible for the agency budgeting, accounting, data processing, word processing, analytical support for the Superintendent and personnel functions. Additionally, this department processes all school district financial and student reporting while annually distributing over \$440,000,000 in appropriated and non-appropriated state and federal funds. School foods and the resource library also reside in this department.

and other persons who have been in contact with the subject.

REMARKS

On 10/10/44, the subject was interviewed at the residence of the subject's mother, Mrs. [Name], at [Address], [City], [State]. The subject was interviewed separately from the other persons who were present at the time.

The subject was interviewed for approximately one hour. The subject was cooperative and gave a full and complete answer to all questions asked.

The subject was born [Date] at [Place of Birth], [State]. The subject is currently residing at [Address], [City], [State]. The subject is currently unemployed.

The subject has no known relatives other than the subject's mother, Mrs. [Name]. The subject has no known friends or associates other than the subject's mother.

The subject has no known criminal record. The subject has no known military service. The subject has no known foreign travel.

The subject has no known aliases or nicknames. The subject has no known aliases or nicknames. The subject has no known aliases or nicknames.

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Summary of Modified Funding Requests

In January of 1990 the Office of Public Instruction proposed several modifications to the FY92-93 budget. The most significant proposal was an inflationary adjustment to the foundation program of approximately \$19.5M in FY92 and \$40.3M in FY93.

I. Modifications Included in the Executive Budget
Of the modifications requested, the following are included in the Governor's Executive Budget. Detailed justifications for these modifications are provided in this document.

FY92-93 Biennium APPROPRIATION			Page
<u>Federal Special Revenue Fund</u>			
AIDS Education	\$198,000	(1.5 FTE)	54
Bilingual grant	50,000	(0.5 FTE)	54
Drug Free Schools	264,980	(2.0 FTE)	54
Race Equity	50,000		44
EHA-B Administration	642,000		36
Chapter 1			
Administration	100,000		34
Chapter 1 Program			
Improvement	180,000		70
Migrant grants	640,000		34
ESEA Chapter 2	283,686		32
National Origins	- 0 -	(0.5 FTE)	45
NET grant	25,000		54
School Foods	- 0 -	(0.5 FTE)	53
Bicentennial Competition	15,000		53

<u>State Special Revenue Fund</u>			
Cooperative Food			
Purchase	\$26,032		53
<u>General Fund</u>			
Audiology	\$136,000		52
Fee Assessments - Confs.	61,000		22
At Risk Child			
Intervention	80,000	(1.0 FTE)	52

II. Agency Modifications

The following requested budget modifications were not approved in the Executive Budget but are presented here for the Legislature's consideration and are in the Legislative Fiscal Analyst's Biennium Budget Analysis Report. Detailed justifications for these modifications are provided in the accompanying program narratives.

PROGRAM 01 - SUPERINTENDENT'S OFFICE

Accreditation - In order to comply with the new accreditation standards, which will be phased in over the period 1989-2001, schools must establish curriculum and assessment development processes for each curriculum area. The Office of Public Instruction is working hard to provide written material and workshops in nine different program areas for over 800 schools currently operating in Montana. However, the current staff of two are unable to provide the level of assistance required for this task.

The existing staff is responsible for 1) the annual desk review of school reports to ensure schools are in compliance with existing standards and 2) on-site visits for schools placed under accreditation advisement. This heavy workload prevents the existing accreditation staff from providing on-site accreditation visits to all schools as required under the standards.

The additional staff would travel throughout the state assisting schools in designing curriculum and assessment procedures. Through regional workshops and on-site visits, the specialist would help schools comply with the new standards with the least cost and most benefit to students.

Funds requested are for a grade 16 curriculum and assessment specialist and related operating expenses.

FTE	FY92	FY93
General Fund	1.00	1.00
	\$56,322	\$53,122

PROGRAM 05 - CENTRAL SERVICES

Indicator System - This proposal would provide three staff and related expenses to establish a state education indicators system and to compile and analyze existing district, secondary vocational education, adult education, GED, curriculum accreditation, assessment and certification information resident within the Office of Public Instruction. Regular records maintenance staff support (1.0 FTE) would be necessary to compile and maintain the data throughout the year. Staff would work with appropriate agencies and local districts to develop an education data base compatible with long-term follow up. Included in the development considerations would be the possibility of implementing a follow-up system on students who leave the education system in conjunction with employment, income tax, welfare, and census data.

Federal funds available for this purpose come from the National Center for Education Statistics.

	FY92	FY93
FTE	3.00	3.00
General Fund	\$117,647	\$88,848
Federal Special Revenue	\$ 15,000	\$15,000

PROGRAM 06 - EDUCATIONAL SERVICES

Gender Equity - As a result of Ridgeway vs. Montana High School Association, et al, OPI is under federal court order to perform certain activities related to gender equity each year in all school districts in Montana.

Federal funds have been cut gradually over the last several years so that none of these court-ordered activities have been funded. In order to avoid litigation and other court requirements against Montana and OPI, state funding is necessary to meet the court mandate. These funds will be used to pay the salary, benefits and operating expenses associated with hiring a .50 administrative assistant, and to pay the cost of conducting an annual court-ordered conference for approximately 100 school administrators and teachers.

	FY92	FY93
FTE	0.50	0.50
General Fund	\$27,588	\$27,588

Special Education Staffing - This request is for 2.00 FTE for administration of \$34 million in state funds and \$5 million in federal funds for special education. Current level staff for Special Education is 11.15 FTE.

The Director of Special Education is currently serving as the Budget Officer. The distribution of over \$34 million in state funds is based on an individual review of each budget application. This review includes assessment of staff and program expansion at the district level.

The Education of the Handicapped Act has resulted in expansion of the responsibilities of the Special Education unit making it difficult to keep up with the other duties assigned to the unit.

	FY92	FY93
FTE	2.00	2.00
General Fund	\$67,751	\$60,551

At-Risk Students - The Office of Public Instruction can expand the "at risk" programs throughout the state through a program offering demonstration projects, training and conferences. Montana's rural schools lack access to programs and services that assist in dealing with at-risk students. National studies show that students who drop out of high school cost society more--both in increased welfare and social service costs and in lost human potential. For each \$1 spent on "at risk" programs, \$7 to \$12 could be saved in social service and custodial costs.

	FY92	FY93
General Fund	\$33,059	\$33,059

PROGRAM 09 - DISTRIBUTIONS TO SCHOOLS

Foundation Program Schedule Inflation - In compliance with Supreme Court decision, the 1989 Legislature accepted state responsibility to adequately fund K-12 education. To

maintain the legislated level of equalization will require 4.66% annual inflationary increases in the foundation schedules. If inflationary factors are not considered, the level of current state equalization will be eroded.

	<u>FY92</u>	<u>FY93</u>
State Special Revenue	\$16,000,000	\$33,000,000

Guaranteed Tax Base Subsidy Inflation - The 1989 Legislature provided for guaranteed tax base (GTB) aid for the general fund and retirement fund to districts with below average taxable valuation per ANB. The amount of money provided was considered in calculating an acceptable level of equalization aid to districts. To maintain the legislated level of equalization aid will require 4.66% annual inflationary increases. Without an inflationary adjustment to this funding source, the level of equalization support will erode below levels approved by the 1989 Legislature. GTB aid for FY91 for both the general fund and the retirement fund is \$44.5 million.

	<u>FY92</u>	<u>FY93</u>
State Special Revenue	\$2,073,700	\$4,244,034

Special Education Allowable Cost Inflation - State funding for special education allowable costs is a component of the state equalization of K-12 education costs. The 1989 Legislature increased the state's responsibility to adequately fund special education costs. To maintain the legislated level of equalization will require 4.66% annual inflationary increases. If inflationary factors are not considered, the level of current state equalization will be eroded.

	<u>FY92</u>	<u>FY93</u>
General Fund	\$1,500,000	\$3,100,000

Gifted and Talented Education Equalization - The current \$100,000 for gifted and talented start-up programs is the only state money available to districts for gifted and talented programs. This program would provide additional funds for gifted education programs at an amount which is the average of the appropriations for gifted and talented

education in the surrounding states.

	<u>FY92</u>	<u>FY93</u>
FTE	1.00	1.00
General Fund	\$ 43,971	\$ 43,972
State Special Revenue	\$751,600	\$748,400

III. Other Issues

In addition to the above modified proposals, the Office of Public Instruction has several critical funding needs we were unable to address through the Governor's budget process. For example, the budget process did not allow for data processing increases due to conversion to the state IBM computer environment. The old computer system was a stand alone Honeywell system.

Under previous executive budget processes, agencies were allowed to propose increases/decreases to their base. This allowed for projects which did not fit within the parameters of the modified budget proposal, but were essential to the completion of the agency's statutory responsibilities. A summary of those proposals is listed below. A more detailed justification of each proposal is provided in the accompanying narrative for each program. With the exception of the single building proposal, the following projects are on-going responsibilities which are not being met, were not addressed in the budget process during the last legislative session, and are necessary to fulfill Constitutional or statutory responsibilities.

PROGRAM 05 - CENTRAL SERVICES

Financial management and data processing staffing - The office requests 13 FTE to comply with the administrative and financial requirements of state law both within the Office of Public Instruction and at the district level.

The Office's Operations Department requests continuation of a grade 14 accountant and related operating expenses currently authorized under HB16 to provide ongoing training to district clerks and county superintendents in the proper application of generally accepted accounting principles (GAAP); to review school district reports for compliance with GAAP; and to review and follow up on districts' audit reports in accordance with federal single audit

requirements.

The Operations Department requests a grade 15 Administrative Officer, a grade 14 Administrative Officer and a grade 9 Administrative Assistant to assist in the distribution of and accountability for monthly foundation and Guaranteed Tax Base payments and transportation payments; to review school district reports for compliance with statutory guaranteed tax base, reserve and levy limitations; and to respond to ever increasing requests for information and training in the preparation of school district budgets and reports necessary to calculate state aid entitlements.

Two Grade 14 Budget Officers are requested to aid in the preparation, monitoring and amending of this office's budget, which is one of the largest in state government, and to ensure compliance with appropriation and budget amendment requirements set forth in statute, the appropriation bill boilerplate and in State policy.

Two grade 15 programmers, two grade 12 support staff and three grade 5 data entry staff are requested to develop and/or rewrite the computer systems for school transportation, telecommunications and accreditation.

	<u>FY92</u>	<u>FY93</u>
FTE	13.00	13.00
General Fund	\$469,331	\$402,223
Proprietary Fund	\$ 72,300	\$60,270

Single Building - The Office of Public Instruction proposes to lease, or construct at a cost of approximately \$5,000,000, a 45,000 square foot building to house all OPI operations in a central location. The Office is presently housed in five buildings, plus one storage building, resulting in numerous inefficiencies and duplication which can be corrected by a new building. First year costs include moving expenses.

	<u>FY92</u>	<u>FY93</u>
General Fund		
Rent/Janitorial	\$235,600	\$180,300

Resource Center Fund Balance - This budget modification would allow the Office of Public Instruction to spend accumulated revenues for the purpose of upgrading telecommunications equipment and documents in the Resource Center to improve services provided to staff and school districts. The Resource Center is partially funded from fees charged for documents and on-line searches. The fees received are deposited in a State Special Revenue account. Revenues received have exceeded expenditures incurred for a number of years and a balance of \$8,000 has accumulated.

	<u>FY92</u>	<u>FY93</u>
State Special		
Revenue Fund	\$8,000	\$0

PROGRAM 06 - EDUCATIONAL SERVICES

State Funded Full-Time American Indian Education Specialist Montana has made a commitment to American Indian education (Article X, Section 1 (2), Montana Constitution). This budget modification would provide full-time state funding for the salary and operating expenses for an American Indian education specialist, with an additional 0.5 FTE to utilize federal funding for support staff.

	<u>FY92</u>	<u>FY93</u>
FTE	0.50	0.50
General Fund	\$ 24,071	\$23,997

Curriculum Specialists The Office of Public Instruction has statutory responsibilities for providing curriculum assistance and review of the accreditation status of school districts (20-7-102 MCA, 20-7-113 MCA, and 20-7-114 MCA.) This budget modification would fully fund curriculum specialists out of the General Fund or the foundation program.

The Office of Public Instruction has eleven basic education curriculum specialists to provide instructional assistance, inservice training, maintain and publish curriculum guides, support the telecommunications project and perform mandatory accreditation visits. The total budget for these staff is approximately \$915,000, \$465,000 of which is paid with federal Chapter 2 money. The Chapter 2 money is

restricted for use in targeted areas.

It is unreasonable and poor public policy to have the federal dollar dictate half of our specialists' work product. If this office is to provide the critical guidance necessary for the accreditation standards, it is imperative that these positions be divorced from the federal funding mechanism by funding them from the General Fund or the foundation program.

Additionally, new accreditation standards published in March 1989 require that written sequential curricula be developed in nine program areas. OPI needs to develop sequential curricula in six of these areas during the next biennium. Publication of the curricula has not been included in base appropriations. The cost of publication and dissemination will average \$5,000 per program area for a total one-time cost of \$30,000.

General Fund OR State	<u>FY92</u>	<u>FY93</u>
Special Revenue Fund	\$480,367	\$482,101

STATE SUPERINTENDENT'S OFFICE PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993		Recommended	Fiscal 1993 Incr/Decr	Recommended
			Base	Incr/Decr	Base	Incr/Decr			
Full Time Equivalent Employees	16.00	6.00	16.00	.00	16.00	.00	16.00	.00	16.00
Personal Services	575,576.49	262,753	580,819	1,226	582,045	1,221	579,607	1,221	580,828
Operating Expenses	126,127.15	113,886	109,300	29,696	138,996	29,876	110,698	29,876	140,574
Equipment	7,896.00	0	1,991	-1,991	0	-1,991	1,991	-1,991	0
Total Agency Costs	\$709,599.64	\$376,639	\$692,110	\$28,931	\$721,041	\$29,106	\$692,296	\$29,106	\$721,402
General Fund	677,937.64	376,639	657,498	28,931	686,429	29,106	657,765	29,106	686,871
Federal Special Revenue Fund	31,662.00	0	34,612	0	34,612	0	34,531	0	34,531
Total Funding Costs	\$709,599.64	\$376,639	\$692,110	\$28,931	\$721,041	\$29,106	\$692,296	\$29,106	\$721,402

Overview

The State Superintendent Program provides leadership, direction, and coordination services to the Office of Public Instruction and to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing prescribed duties requiring the Superintendent's personal attention or representation.

Reorganization - FY91 data in the above table is not comparable to the FY92 and FY93 base budget.

The base FY92 and FY93 FTE and budget reflect a planned reorganization of legal and certification/accreditation staff (10 FTE) and their related operating expenses from other programs to this program, but the appropriated FY91 column does not. Our workload did not permit us to prepare the budget, SBAS and payroll forms necessary to complete the reorganization prior to preparing our 1992-93 budget request.

Actual FY90 FTE and expenditures shown above have been restated as though the reorganization occurred in that year, thus FY90 data is comparable to the base budget for FY92 and FY93.

ELECTED OFFICIAL

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993		Recommended
			Base	Incr/Decr	Base	Incr/Decr	
	1.00	1.00	1.00	.00	1.00	.00	1.00
Personal Services	0.00	50,359	50,336	0	50,161	0	50,161
Total Agency Costs	\$0.00	\$50,359	\$50,336	\$0	\$50,161	\$0	\$50,161
General Fund	0.00	50,359	50,336	0	50,161	0	50,161
Total Funding Costs	\$0.00	\$50,359	\$50,336	\$0	\$50,161	\$0	\$50,161

Overview

This activity includes only the salary of the elected State Superintendent of Public Instruction.

Goals

This activity fulfills the constitutional requirement which provides for an elected Superintendent of Public Instruction.

Authorization

Federal/State
Statute or Regulation Title and Description
Article VI, Section I Montana constitution; authorizes
an elected Superintendent of
Public Instruction

Base Program

Program includes only the Superintendent's salary.

Base Funding

Constitutionally required official.

Performance Indicators

Constitutionally required official.

Workload Measures	FY90 ACTUAL	FY91 ENACTED	FY92 BASE	FY93 BASE
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Not Applicable.

Increase or Decrease From Base

None.

SUPERINTENDENT'S OFFICE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	15.00	5.00	15.00	.00	15.00	15.00	.00	15.00
Personal Services	575,576.49	212,394	530,483	1,226	531,709	529,446	1,221	530,667
Operating Expenses	126,127.15	113,886	109,300	29,696	138,996	110,698	29,876	140,574
Equipment	7,896.00	0	1,991	-1,991	0	1,991	-1,991	0
Total Agency Costs	\$709,599.64	\$326,280	\$641,774	\$28,931	\$670,705	\$642,135	\$29,106	\$671,241
General Fund	677,937.64	326,280	607,162	28,931	636,093	607,604	29,106	636,710
Federal Special Revenue Fund	31,662.00	0	34,612	0	34,612	34,531	0	34,531
Total Funding Costs	\$709,599.64	\$326,280	\$641,774	\$28,931	\$670,705	\$642,135	\$29,106	\$671,241

Overview

The Superintendent of Public Instruction is an elected official mandated by Section 1, Article 6 of the Montana Constitution.

Section 20-3-106, MCA, states that the Superintendent "... has the general supervision of the public schools and districts of the state." Section 20-7-301, MCA, names the Superintendent as "the governing agent and executive officer" for K-12 vocational education in Montana.

The office provides services to over 150,000 Montana school-age children and to over 9,500 teachers in 538 school districts. The staff provides technical assistance in planning, implementing and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum, school finance and school law. The staff administers a number of federally funded programs and provides a variety of informational services.

Goals

The mission of the office is to advocate, communicate, educate, and be accountable to those we serve. The Chief State School Officer provides leadership, direction and

coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing prescribed duties requiring the Superintendent's personal attention or representation, including assisting her duties as a member of the Board of Education, the State Board of Public Education, a member of the State Board of Regents, the State Land Board, and the Teacher's Retirement Board. Major programs operated by the Office of Public Instruction include special education, monitoring and direct aid to school districts, gifted and talented programs, curriculum assistance for Montana's teachers, as well as serving as an advocate for education as the chief elected education official in the state of Montana.

Authorization

<u>Federal/State Statute or Regulation</u>	<u>Title and Description</u>
Article VI, Section I	Montana Constitution; authorizes an elected Superintendent of Public Instruction
Article VI, Section 4,	(5) Montana Constitution; indicates duties are as provided by law.
2-18-104 M.C.A.	Authorizes the Superintendent up to 15 personal staff.
Title 20 M.C.A.	General statutory provisions governing schools, establishes responsibilities of the Superintendents.
Article X, Section IV	Montana Constitution; establishes the Superintendent as a member of the Land Board.
Title 77 M.C.A.	Establishes the duties of the Land Board.
Article X, Section 9	(b) Montana Constitution; establishes the Superintendent as and ex-officio member of the Board of Education, Board of regents, Board of Public Education.
20-3-103 M.C.A.	Authorizes the Superintendent to employ a Deputy Superintendent.
20-3-104 M.C.A.	Authorizes the Superintendent to employ one or more Assistant Superintendents plus "any other supervisors or assistants to carry out the duties of his office."
20-7-101 M.C.A.	Responsibility to recommend accreditation standards.
20-7-104 M.C.A.	Responsibility to provide instructional assistance.
20-7-113 M.C.A.	Responsibility to maintain curriculum guide files and publish curriculum guides.
20-7-131 M.C.A.	Responsibility to issue secondary equivalency certificates.
20-7-201 M.C.A.	Responsibility to maintain an audio visual library.
20-7-3-1 M.C.A.	Responsibility for K-12 vocational education, including: state plan, establish standards for courses and programs, review process for establishment and deletion of programs, instructor qualifications, course criteria, apportion monies, and evaluate programs.
20-7-403 M.C.A.	Responsibility to administer special education, (14 specific tasks).
20-7-431 M.C.A.	Requirement for the Superintendent to make rules and account for special education expenditures by reviewing and approving all special education budgets.
20-7-502 M.C.A.	Requirement to develop, administer and supervise the state traffic education program, (8

	responsibilities).
20-7-604 M.C.A.	Requirement to license all textbook dealers.
20-7-712 M.C.A.	Requirement to manage adult basic education by directing the distribution of funds appropriated by the Legislature.
20-7-903 M.C.A.	Responsibility to propose rules and approve programs for gifted and talented children.
20-7-1001 M.C.A.	Responsibility to promote and encourage telecommunications in education.
20-9-102 M.C.A.	Responsibility for general supervision over the school budgeting procedures and provisions.
20-9-346 M.C.A.	Responsibility to administer distribution of state equalization aid, (6 responsibilities).
20-9-369 M.C.A.	Responsibility to administer distribution of guaranteed tax base aid.
20-9-532 M.C.A.	Responsibility to administer retirement equalization aid.
20-9-603 M.C.A.	Responsibility to request and accept any available federal monies.
20-10-103 M.C.A.	Responsibility to set certification standards for school bus drivers.
20-10-112 M.C.A.	Responsibility to administer and supervise the school transportation program (8 duties including the approval of all bus routes and transportation contracts and disbursement of funds).
20-10-201 M.C.A.	Responsibility to administer a school foods program.
20-3-106 M.C.A.	Collect and maintain a file of curriculum guides and assist schools with instructional programs.
20-3-107 M.C.A.	Controversy appeals.
20-7-101 M.C.A.	Responsibility to recommend accreditation standards.

Base Program

Six of the fourteen positions in this activity are personal staff as authorized in 2-18-104 M.C.A. The remaining positions are an administrative assistant to the Deputy Superintendent, certification/accreditation staff, and two paralegal assistants. General responsibilities of the Superintendent include regular written and verbal

communication with 9,500+ teachers, 800+ school administrators and supervisors, 2,400+ specialized personnel and personal visits to the 538 school districts.

The legal section provides all legal services for the Office of Public Instruction. Under base funding, the legal services' 4 FTE will provide for 50 administrative appeals, 35 special education cases, 30 state and federal

district court and supreme court cases, and 3000 telephone and letter consultations with schools, superintendents, the public and agency staff.

Base Funding

This budget is funded from the General Fund with the exception of .75 of one attorney's salary, which is funded with Federal EHA-B funds.

Performance Indicators

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
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Legal Services

Administrative Appeals	36	40	50	60
Court Cases	25	30	35	40
Special Education	19	25	30	40
Workshops	2	3	3	3

Increases to Base

Program Transfer

The budget increase shown in the FY92 and FY93 "incr/decr" columns of the table on page 12 was specifically allowed by the Governor's budgeting instructions. It is a transfer of base budget authority from the Central Services Program to reflect actual FY90 experience and is not an increase to the Office of Public Instruction's total budget.

Accreditation

In order to comply with the new accreditation standards, which will be phased in over the period 1989-2001, schools must establish curriculum and assessment development processes for each curriculum area. The Office of Public Instruction is working hard to provide written material and workshops in nine different program areas for over 800 schools currently operating in Montana. However, the current staff of two are unable to provide the level of assistance required for this task.

The existing staff is responsible for 1) the annual desk review of school reports to ensure schools are in compliance with existing standards and 2) on-site visits for schools placed under accreditation advisement. This heavy workload prevents the existing accreditation staff from providing on-site accreditation visits to all schools as required under the standards.

The additional staff would travel throughout the state assisting schools in designing curriculum and assessment procedures. Through regional workshops and on-site visits, the specialist would help schools comply with the new standards with the least cost and most benefit to students.

If schools fail to comply with the phased-in deadlines for the new accreditation standards, they face the possibility of losing state funding. Additional staff in the field in the early 1990's will help schools comply with the standards in a methodical, planned fashion, ensuring the educational opportunity for Montana school children.

Funds requested are for a grade 16 curriculum and assessment specialist and related operating expenses.

FUNDING REQUESTED:

<u>FTE</u>	<u>FY92</u>	<u>FY93</u>
General Fund	1.00	1.00
	\$56,322	\$53,122

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CENTRAL SERVICES PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	34.85	41.60	34.85	.00	34.85	34.85	.00	34.85
Personal Services	973,644.13	1,212,155	1,071,308	2,452	1,073,760	1,070,308	2,448	1,072,756
Operating Expenses	575,019.18	621,244	760,408	-24,382	736,026	740,434	-29,231	711,203
Equipment	176,830.89	38,069	26,104	34,291	60,395	26,104	6,791	32,895
Transfers	360,000.00	490,641	420,195	4,854	425,049	420,195	6,031	426,226
Total Agency Costs	\$2,085,494.20	\$2,362,109	\$2,278,015	\$17,215	\$2,295,230	\$2,257,041	\$-13,961	\$2,243,080
General Fund	1,251,473.87	1,426,858	1,417,017	17,215	1,434,232	1,392,279	-13,961	1,378,318
State Special Revenue Fund	4,965.19	5,000	5,000	0	5,000	5,000	0	5,000
Federal Special Revenue Fund	52,972.48	51,865	11,634	0	11,634	11,755	0	11,755
Proprietary Fund	776,082.66	878,386	844,364	0	844,364	848,007	0	848,007
Total Funding Costs	\$2,085,494.20	\$2,362,109	\$2,278,015	\$17,215	\$2,295,230	\$2,257,041	\$-13,961	\$2,243,080

Overview

The Central Services Program is responsible for reporting, distributing, and accounting for state and federal funds provided to school districts. The program provides data processing, word processing, purchasing, payroll, personnel, mail, analytical, and accounting support to operations within the Office of Public Instruction. Other responsibilities include responding to requests for information and data from school districts, federal agencies, elected officials, and the general public. Reference library functions and school publications reside within this program.

Reorganization - FY91 data in the above table is not comparable to the FY92 and FY93 base budget.

The base FY92 and FY93 FTE and budget reflect a planned reorganization of legal staff (4 FTE) and their related operating expenses from this program to the State Superintendent's Program, but the appropriated FY91 column does not. Our workload did not permit us to prepare the budget, SBAS and payroll forms necessary to complete the reorganization prior to preparing our 1992-93 budget request.

Actual FY90 FTE and expenditures shown above have been restated as though the reorganization occurred in that year, thus FY90 data is comparable to the base budget for FY92 and FY93.

ADMINISTRATIVE SERVICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	32.85	37.75	32.85	.00	32.85	32.85	.00	32.85
Personal Services	929,445.53	1,127,979	1,008,096	2,307	1,010,403	1,007,002	2,303	1,009,305
Operating Expenses	461,874.31	558,308	608,441	-18,582	589,859	611,827	-24,431	587,396
Equipment	63,829.37	28,095	26,104	28,491	54,595	26,104	1,991	28,095
Transfers	360,000.00	490,641	420,195	4,854	425,049	420,195	6,031	426,226
Total Agency Costs	\$1,815,149.21	\$2,205,023	\$2,062,836	\$17,070	\$2,079,906	\$2,065,128	\$-14,106	\$2,051,022
General Fund	982,221.54	1,269,772	1,201,838	17,070	1,218,908	1,200,366	-14,106	1,186,260
State Special Revenue Fund	4,965.19	5,000	5,000	0	5,000	5,000	0	5,000
Federal Special Revenue Fund	52,972.48	51,865	11,634	0	11,634	11,755	0	11,755
Proprietary Fund	774,990.00	878,386	844,364	0	844,364	848,007	0	848,007
Total Funding Costs	\$1,815,149.21	\$2,205,023	\$2,062,836	\$17,070	\$2,079,906	\$2,065,128	\$-14,106	\$2,051,022

Overview

This activity provides for management of the Operations Department, analytical support for the Superintendent, and the personnel function for the agency. The Operations Department is responsible for reporting, distributing and accounting for approximately \$450,000,000 in funds provided to school districts and used to fund operations of the Office of Public Instruction. Management of HB28 and GAAP reside within this activity. The staff also provide data/word processing and research support for the office.

Goals

The major goals include: effective management of the Department, successful management of HB28 and GAAP, staff support for the Superintendent to carry out her constitutional and statutory functions, staff support to the HB28 Interim Committee, and development and implementation of a personnel/policy/training system consistent with Montana statute and administrative rule.

Authorization

Federal/State Statute or Regulation

Title and Description

Article VI, Section I	Montana Constitution; authorizes an elected Superintendent of Public Instruction.
Article VI, Section 4,	Authorizes the Superintendent up to 15 personal staff.
Title 20 M.C.A.	General statutory provisions governing Schools; establishes responsibilities of the Superintendent.
Article X, Section IV	Montana Constitution; establishes the Superintendent as a member of the Land Board.
Title 77 M.C.A.	Establishes the duties of the Land Board.
Article X, Section 9	(b) Montana Constitution; establishes the Superintendent as an ex-officio member of the Board of Education, Board of Regents, Board of Public Education.
17-1-102, M.C.A.	Uniform Accounting System and Expenditure Control.
17-2-103, M.C.A.	Segregation of Moneys.
17-3-111, M.C.A.	Indirect Cost Rates.
17-7-111, M.C.A.	Agency Program Budgets.
Education Department General Administrative Regulations, (EDGAR) Parts 75, 76, 77, 79, 80, 81, and 85	Administrative responsibilities of Grantee.
20-3-103 M.C.A.	Authorizes the Superintendent to employ a Deputy Superintendent.
20-3-104 M.C.A.	Authorizes the Superintendent to employ one or more Assistant Superintendents plus "any other supervisors or assistants to carry out the duties of his office."
20-3-105 M.C.A.	Preserve all books, educational media... and any other articles of educational interest....
20-3-108 M.C.A.	Division of Resource and Assessment account.
20-7-104 M.C.A.	Responsibility to provide instructional assistance.
20-7-113 M.C.A.	Responsibility to maintain curriculum guide files and publish curriculum guides.

20-7-131 M.C.A.	Responsibility to issue secondary equivalency certificates.
20-7-201 M.C.A.	Responsibility to maintain an audio visual library.
20-7-3-1 M.C.A.	Responsibility for K-12 vocational education, including: state plan, establish standards for courses and programs, review process for establishment and deletion of programs, instructor qualifications, course criteria, apportion monies, and evaluate programs.
20-7-403 M.C.A.	Responsibility to administer special education, (14 specific tasks).
20-7-431 M.C.A.	Requirement for the Superintendent to make rules and account for special education expenditures by reviewing and approving all special education budgets.
20-70502 M.C.A.	Requirement to develop, administer and supervise the state traffic education program, (8 responsibilities).
20-7-604 M.C.A.	Requirement to license all textbook dealers.
20-7-712 M.C.A.	Requirement to manage adult basic education by directing the distribution of funds appropriated by the Legislature.
20-7-903 M.C.A.	Responsibility to propose rules and approve programs for gifted and talented children.
20-7-1001 M.C.A.	Responsibility to promote and encourage telecommunications in education.
20-9-102 M.C.A.	Responsibility for general supervision over the school budgeting procedures and provisions.
20-9-346 M.C.A.	Responsibility to administer distribution of state equalization aid, (6 responsibilities).
20-9-369 M.C.A.	Responsibility to administer distribution of guaranteed tax base aid.
20-9-532 M.C.A.	Responsibility to administer retirement equalization aid.
20-9-603 M.C.A.	Responsibility to request and accept any available federal monies.
20-10-103 M.C.A.	Responsibility to set certification standards for school bus drivers.
20-10-112 M.C.A.	Responsibility to administer and supervise the school transportation program (8 duties including the approval of all bus routes and transportation contracts and disbursement of funds).
20-10-201 M.C.A.	Responsibility to administer a school foods program.
Title 49, Chapter 2, M.C.A.	Discrimination in employment, generally.

Title 49, Chapter 3,
M.C.A.

Discrimination in Government services and employment Fair Labor Standards Act - Governs overtime and compensatory time.

Title 2, Chapt. 18,
M.C.A.

Employee Classification system, Leave administration, etc.

Title 39, Chapt. 31,
M.C.A.

Public Employee Collective Bargaining, Unfair labor practices, etc.

Title 39, Chapt. 2,
M.C.A.

Wrongful discharge.

Title 39, Chapt. 30,
M.C.A.

Veteran and Handicap Preference.

42 USC 2000e et seq.

Discrimination in employment generally.

29 USC 621 et seq.

Prohibits Age discrimination.

29 USC 201 et seq.

Equal Pay Act - Prohibits pay differentials based on sex.

29 USC 791

Rehabilitation Act - Prohibits discrimination against the handicapped.

Base Program

The Operations Department is responsible for reporting, distributing, and accounting for approximately \$450,000,000 in appropriated and non-appropriated funds provided to school districts and used to fund operations of the Office of Public Instruction. Activities include the management of the Operations Department, analytical support for the Superintendent, and the personnel function for the agency.

The Personnel Officer is responsible for oversight of all personnel functions in the agency. Duties include review and approval of all hiring decisions, review of position descriptions, maintaining applicant and employee tracking systems, designing and presenting training opportunities for staff, designing and implementing performance appraisal systems, advising supervisors about disciplinary actions, administration of the OPI personnel policies, negotiation of the union contract, representing management in grievance

proceedings, overseeing the agency EEO programs.

The Accounting and Budgeting section provides financial services to the Office of Public Instruction. Under base funding, the objective of the section's 10.85 FTE is to timely and properly budget, account for, expend and report \$450,000,000 in appropriated and non-appropriated State and Federal moneys.

The Mail Room is staffed by 2 FTE and is responsible for providing the following services to 128 FTE in the Office of Public Instruction: mail pickup and delivery, bulk mail addressing, stuffing, sorting and mailing, check logging for all incoming funds, coordination of printing requests and deliveries, pickup and delivery of supplies, and general warehouse responsibilities.

The Word Processing section is staffed by 6 FTE and is responsible for providing the following services to 128 FTE in the Office of Public Instruction: converting dictation

to typed material, rough draft and final draft typing, development of printed curriculum materials (including newsletters, brochures, pamphlets, instruction guides, etc.), data entry services, photocopying, proofreading, and general secretarial services.

The data processing section provides supervisory, programming, network administration and operations staff to maintain and operate the Honeywell, Gifford, and wide-area network computer systems in the Office of Public Instruction. Currently over 360 computer programs exist which are used to administer and report on the state of education in Montana.

The Resource Center maintains an in-house collection of material specifically oriented toward and supportive of those mandated programs which staff are directed to carry out; provides immediate, priority service in handling reference and research requests; and contributes to the history of the agency and its programs by maintaining an archival collection of its publications.

Base Funding

The Assistant Superintendent for Operations and analytical support staff are funded from the General Fund. The personnel officer's salary and operating expenses are paid from the indirect cost pool, which is a proprietary fund.

The Accounting and Budgeting section is funded from indirect cost pool. The pool receives its revenue from indirect cost assessments on the Office's non-general fund programs and a transfer from the General Fund. Functions dealing with equalization and transportation aid payments to school districts are funded from the General Fund.

The Mail Room and Word Processing sections are funded by the indirect cost pool.

The data processing section is funded from the General Fund and federal monies.

The Resource Center is funded by the indirect cost pool, State Special funds, and Federal Chapter 2 monies (15%).

Performance Indicators

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
<u>Operations</u>				
Personnel Actions/ Sessions	17	36	34	46
Accounting				
Appropriations	\$385M	\$410M	\$410M	\$410M
Federal Grants accounted for/ reported on	30	33	33	33
Transactions processed in SBAS	68,725	70,000	70,000	70,000
SBAS Cost Centers maintained	9,030	9,030	9,030	9,030
Reports Reviewed: Budgets	544	544	544	544
GTB	4,896	11,968	11,968	11,968
<u>Data/Word Processing, Mail Room (Hours, including comp.time)</u>				
Supervision	3,016	3,016	3,016	3,016
Word Processing Support	13,432	13,432	13,432	13,432
Mail/Printing Services	4,742	4,742	4,742	4,742
Network Maintenance & Administration	9,360	9,360	9,360	9,360
Training/Workshops	560	560	560	560
Federal Coord.	300	300	300	300

<u>Workload Measures</u>	<u>FY90</u> <u>Actual</u>	<u>FY91</u> <u>Enacted</u>	<u>FY92</u> <u>Base</u>	<u>FY93</u> <u>Base</u>
<u>Resource Center</u>				
References and Requests	2140	2310	2310	2310
In-Service/Workshops	60	125	125	125
Books/Items borrowed from and/or lent to other libraries and Schools	1680	1700	1700	1700
Cataloging	574	700	650	650

Increase and Decrease to Base

Program Transfer

The "incr/decr" columns in the table on page 17 include a program transfer to the State Superintendent's Program of \$(28,931) in FY92 and \$(29,106) in FY93. This program transfer was specifically allowed by the Governor's budgeting instructions. It is a transfer of base budget authority to reflect actual FY90 experience and is not a decrease in the Office of Public Instruction's total budget.

Fee Assessments - Conferences

The Office of Public Instruction has historically collected registration fees from persons attending various conferences and workshops we sponsor, but has not requested appropriation authority to spend amounts collected. Rather than request spending authority for fees collected, the previous OPI administration abated expenditures associated with conducting the workshops/conferences. Accounting for these activities by abating expenditures, rather than recording revenues from fees collected, is not in accordance with generally accepted accounting principles.

In order to account for this activity properly during the 1990-91 biennium, the current administration has recorded fees collected as revenue and deferred certain capital expenditures to conduct the above workshops/conferences within current level funding, a practice we cannot continue

beyond the current biennium.

Approximate annual fees collected include:

Superintendent's Conference - 3,500
Chapter I Workshop - 10,000
AIDS Workshop - 1,600
GESA Workshop - 200
\$ 15,300

Fees collected in FY90 have been deposited in the General Fund. This is a request for appropriation authority to spend the workshop/conference registration fees OPI will deposit in the General Fund during the 1990-91 and the 1992-93 bienniums.

FUNDING REQUESTED: FY92 \$46,000 FY93 \$15,000
General Fund

Indicator System

One of the difficult aspects of education accountability and improvement is the capacity to assess the long term effectiveness of our educational system. Education data is diverse and not collected in formats that are easily comparable.

This proposal would provide three staff and related expenses to establish a state education indicators system and to compile and analyze existing district, secondary vocational education, adult education, GED, curriculum accreditation, assessment and certification information resident within the Office of Public Instruction.

Regular records maintenance staff support (1.0 FTE) would be necessary to compile and maintain the data throughout the year. Staff would work with appropriate agencies and local districts to develop an education data base compatible with long-term follow-up. Included in the development considerations would be the possibility of implementing a follow-up system on student who leave the education system in conjunction with employment, income tax, welfare, and census data.

Because this emphasis appears to be the key to President Bush's education proposals for next year, we would anticipate some federal financial support for this project, above the anticipated level of common core data (CCD) support of \$30,000. We would anticipate reducing the

general fund request dollar for dollar if federal support is in excess of \$30,000 during the next biennium.

FUNDING REQUESTED:

	FY92	FY93
FTE	3.00	3.00
General Fund	\$117,647	\$88,848
Federal Special Revenue	\$ 15,000	\$15,000

Other Issues

Financial Management and Data Processing Staffing

The Operations Department requests continued funding for an accountant currently authorized by HB16 for training school districts in the proper application of accounting principles and for financial reviews; two administrative officers and an administrative assistant to help in the distribution/accountability of monthly foundation and GTB payments and transportation payments; two budget officers; two programmers; two support staff for data editing, communication with school districts, and report generation; and three data entry staff. Additional operation expenses are necessary for computer maintenance/subscription costs.

Numerous statutory requirements and changes have created workload demands on the Operations Department which we are unable to meet with existing resources. In the accounting area, we annually distribute over \$440,000,000 to 538 school districts. With the conversion to generally accepted accounting principles (GAAP), beginning September of 1991 (FY92) we will have to review financial reports of the 538 school districts to ensure compliance with GAAP (20-9-201 (2)) while continuing to teach GAAP and annual updates to business clerks, county superintendents, and school superintendents.

Additional new responsibilities include administering more than \$44 million in guaranteed tax base provisions in the general fund and Teachers' Retirement, monitoring reserve limits, and permissive and voted levy limits, and developing reporting and monitoring systems for the revised accreditation standards.

An administrative officer, 4 programming/support staff and three keypunchers are required to develop and maintain the

computer systems for telecommunications, school transportation and accreditation.

Continued funding for the third accountant authorized by HB16 is requested for the ongoing GAAP training effort, to review school district audits for compliance and to follow up on audit exceptions to ensure they are corrected. The audit reviews are necessary to meet federal single audit requirements or millions of dollars in federal funding for schools is at risk. An additional Administrative Officer and an Administrative Assistant will be required to review school district reports for compliance with guaranteed tax base and levy and reserve limit requirements.

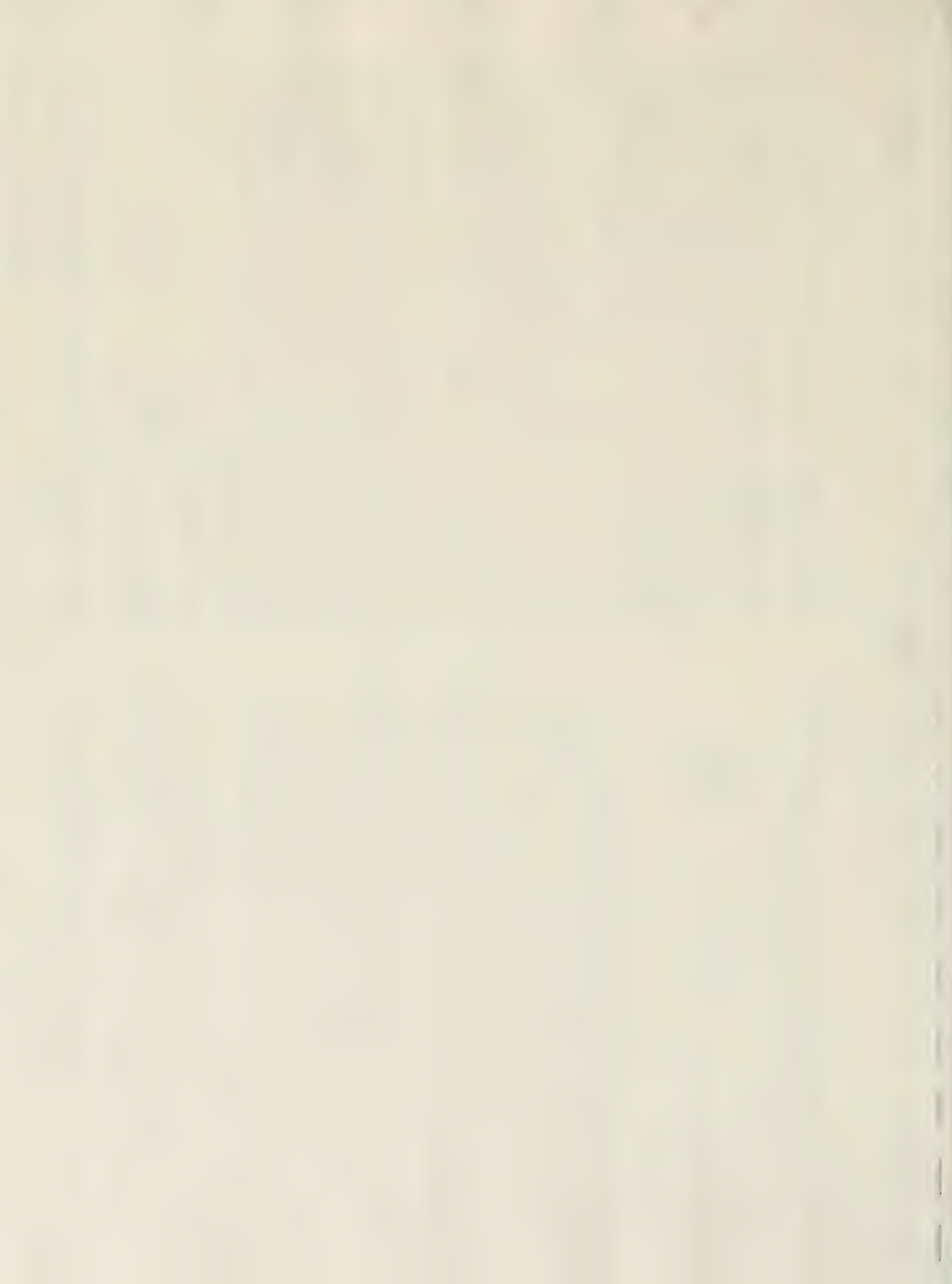
OPI has one of the largest budgets in state government, but has no budget analysts. By comparison, the department of fish wildlife and parks has a \$30 million budget and has 2 budget analysts; the department of institutions central office has a \$77 million budget and 3 budget analysts; the department of highways has a \$265 million budget and 3 budget analysts. OPI has financial management responsibilities for approximately \$450 million and no budget analysts.

The accountant, two administrative officers, administrative assistant and two budget officers are critical to ensure minimum compliance with the financial requirements outlined in 20-7-431 M.C.A. (Special Ed. \$33.5M) 20-7-502 M.C.A. (Traffic Education \$1.7M), 20-7-712 M.C.A. (Adult Education \$750,000), 20-7-1001 M.C.A. (Telecommunications \$500,000), 20-9-102 M.C.A. (School Budgeting \$600+M) 20-9-346 M.C.A. (State Equalization Aid \$347M), 20-9-367 M.C.A. (Guaranteed Tax Base Aid \$30M), 20-9-368 M.C.A. (Retirement Equalization Aid \$14.5M), 20-10-112 M.C.A. (School Transportation \$18M), and 20-7-301 M.C.A. (K-12 Vocational Education \$900,000).

FUNDING REQUESTED:

	FY92	FY93
FTE	13.00	13.00
General Fund	\$469,331	\$402,223
Proprietary Fund	\$ 72,300	\$ 60,270

Single Building for the Office of Public Instruction
OPI's 128 staff are currently housed in 6 separate



locations. In dealing with the general public, it is frequently necessary for the public to go to five different locations. As we move into the computer/telecommunications age, it is critical for our specialists to be in the same facility as our AV Library. Additionally, phone traffic, messages, staff supervision and general efficiency of the office suffer greatly in the present environment.

Options being considered range from a separate, single building being built at \$5,000,000 to leasing a single building for an additional \$180,000 per year. (Present space requirements for existing staff are approximately 45,000 square feet).

FUNDING REQUESTED:

General Fund	<u>FY92</u>	<u>FY93</u>
Rent/Janitorial	\$235,600	\$180,300

Resource Center Fund Balance

This budget modification would allow the Office of Public Instruction's Resource Center to spend accumulated revenues for the purpose of upgrading equipment and documents used in providing services to staff and school districts.

The Resource Center serves as an information and research library for the staff of the Office of Public Instruction and for Montana's school districts, providing online and CD-RM searches and document delivery. Information needs are diverse and frequently urgent. It is crucial that the information be accurate, current and expedient. To fill these requirements, the Resource Center purchases materials and subscribes to numerous journals and data sources (online and CD-RM).

The Resource Center is partially funded from fees charged for documents and on-line searches. The fees received are deposited in a State Special Revenue account in accordance with 20-3-108, MCA. Revenues received have exceeded expenditures incurred in this account for a number of years and a balance of \$8,000 has accumulated. If approved, this budget modification would allow the Office of Public Instruction to use these accumulated revenues to purchase current journals, books, and microfiche reports, to replace

a five year old personal computer, and to purchase a single disk CD-ROM drive to read data currently accessed using an expensive on-line service.

The computer change and CD-ROM are necessary for the Resource Center to effectively participate in the statewide telecommunications effort.

FUNDING REQUESTED:

State Special Revenue Fund	<u>FY92</u>	<u>FY93</u>
	\$8,000	\$0

PUBLICATIONS

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992 Base	Fiscal 1992 Incr/Decr	Recommended	Fiscal 1993 Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Personal Services	4,053.65	0	0	0	0	0	0	0
Operating Expenses	44,122.84	13,500	37,500	0	37,500	13,500	0	13,500
Total Agency Costs	\$48,176.49	\$13,500	\$37,500	\$0	\$37,500	\$13,500	\$0	\$13,500
General Fund	47,083.83	13,500	37,500	0	37,500	13,500	0	13,500
Proprietary Fund	1,092.66	0	0	0	0	0	0	0
Total Funding Costs	\$48,176.49	\$13,500	\$37,500	\$0	\$37,500	\$13,500	\$0	\$13,500

Overview

This activity involves the publication and distribution of the School Laws of Montana and the Directory of Montana Schools.

Goals

- To print a complete and updated volume of the school laws of the state, or a cumulative supplement to the most recent volume of the laws, and to print a current directory of public schools.
- To offer and sell the law book to school officials and the public at the cost of printing and shipping.

Authorization

Federal/State

Statute or Regulation	Title and Description
20-3-105 (5), MCA	Powers and Duties of the State Superintendent

Base Program

Under base funding, print and distribute 2500 copies of new School Laws of Montana and print and distribute 3,350 copies of a current Directory of Montana Schools. Base funding is for operating expenses only and does not include the personal services costs associated with updating the law book or the directory. The 1989 session law books

were sold in FY90 for \$12 per copy, recovering both the personal service and operating costs of printing and distribution. Directories are provided free of charge to each school building and central office. Schools and others requesting additional copies of the directory are charged \$3 for each additional copy.

Base Funding

Costs associated with printing and distributing the law books and the school directories are funded from the General Fund. All revenues from the sale of the law books and the directories are deposited in the General Fund. Additionally, the Office of Public Instruction transferred a cash balance in the Publication Account of \$30,300 to the General Fund in FY90 because, effective July 1, 1989, the Publications Account was reclassified from Special Revenue to General Fund.

Performance Indicators

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Workload Measures				
School Law Books				
Printed	2,500	-0-	2,500	-0-
Directories Printed	3,350	3,350	3,350	3,350
Increase or Decrease from Base				
None.				

HB28 AND HB16

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	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	2.00	3.85	2.00	.00	2.00	2.00	.00	2.00
Personal Services	40,144.95	84,176	63,212	145	63,357	63,306	145	63,451
Operating Expenses	69,022.03	49,436	114,467	-5,800	108,667	115,107	-4,800	110,307
Equipment	113,001.52	9,974	0	5,800	5,800	0	4,800	4,800
Total Agency Costs	\$222,168.50	\$143,586	\$177,679	\$145	\$177,824	\$178,413	\$145	\$178,558
General Fund	222,168.50	143,586	177,679	145	177,824	178,413	145	178,558
Total Funding Costs	\$222,168.50	\$143,586	\$177,679	\$145	\$177,824	\$178,413	\$145	\$178,558

Overview

School districts are required to adhere to the statutory budget requirements established in HB28, maintain accounting systems based on generally accepted accounting principles (GAAP), file accurate and timely reports and provide student and school district data as may be required by OPI to determine the condition of education in Montana and to determine the amount of state aid and guaranteed tax base subsidy to be distributed to schools.

Goals

- To provide for an effective and efficient implementation of the new school funding process in the state of Montana.
- To provide training and assistance to public school districts in the areas of accounting and reporting, through workshops, telephone assistance, written guidance, and updates to the School Accounting Manual, assisting districts in complying with the new requirements of HB28 and HB16.
- To improve the way in which districts account for and report the results of their financial affairs.
- To improve the Office's internal system of monitoring and enforcing district compliance with HB28 and HB16 restrictions and with the Single Audit Act.

Authorization

Federal/State

Statute or Regulation

Title and Description

OMB Circular A-28

Single Audit Act.

Title 20 - Education

Chapter 9 - Finance. Gives the State Superintendent general supervisory authority over school financial administration provisions.

20-9-346 M.C.A.

Responsibility to administer distribution of state equalization aid, (6 responsibilities).

20-9-369 M.C.A.

Responsibility to administer distribution of guaranteed tax base aid.

20-9-532 M.C.A.

Responsibility to administer retirement equalization aid.

20-9-603 M.C.A.

Responsibility to request and accept any available federal monies.

20-10-112 M.C.A.

Responsibility to administer and supervise the school transportation program (8 duties including the approval of all bus routes and transportation contracts and disbursement of funds).

Base Program

The HB16-GAAP, or School District Accounting section, provides accounting and reporting information and assistance to Montana's school districts.

Under base funding, the objectives of the section's three FTE will be to provide workshops, varying in length from 1 to 5 days, in each of at least seven regions of the State covering beginning, intermediate and advanced accounting and reporting procedures for Montana's school districts; to write an accounting manual for school districts to aid in the budgeting, accounting and reporting of their financial affairs; to redesign all accounting and budgeting forms used by districts to report to OPI; to review district reports and system edit/error reports for district non-compliance with statutory restrictions and requirements; to review and monitor the completion of school district audit reports; and to prepare accurate and timely financial reports required by the National Center for Education Statistics.

The House Bill 28 - Implementation budget provides funds

for implementing the new school funding process. The funds cover the costs of developing administrative rules, designing new data collection forms, hiring additional computer programming staff to write computer programs, developing computer programs, obtaining additional computer equipment necessary to implement the new legislation, conducting seminars for local school district administration staff and providing funds for general costs involved in implementing the new school funding legislation.

Base Funding

In support of our current HB16 appropriation, the Office of Public Instruction provided testimony and a proposed budget to the Joint Education Committee during the last Legislative Session, stating implementation would take three years. By comparison, implementation of generally accepted accounting principles by State agencies took five years.

HB-28 Implementation was a special program set up by the 1989 special legislative session to implement the new school funding process. There will be ongoing costs once the program has been implemented. These costs include

computer programming support, data entry, maintenance of computer equipment purchased during the implementation phase, postage and mailing for transmittal of reports, telephone charges for transmittal of data between the Office of Public Instruction and the 538 school districts, workshops to provide new and continuing education for school district staff training on how to transmit data and use electronic systems.

Performance Indicators

Workload Measures	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
School District Clerks Trained	400	400	400	400
GAAP workshops	7	30	30	30
Districts using double-entry accounting	55%	70%	85%	100%
Reports reviewed: Trustee reports	545	545	545	545
Audit reports	250	250	250	250
Edits/error reports	0	218	109	55
Reporting Requirements workshops	20	20	20	20
# of lines on Foundation/Equalization forms*	1,623,038	1,623,038	1,623,038	1,623,038

*Calculated at 10 sec. per line (punch and verify) = 16,230,380 seconds / 60 = 270,506 min. / 60 = 4508 hrs. 4508 \ 2080 = 2.16 FTE. Data entry is currently performed by staff data entry and Dept. of Administration. Changes in Education funding have required additional data entry resources, and will continue to require data entry in future years.

Increase or Decrease From Base

None.

Other Issues

Current Level FTE
Current level FTE in this activity is 4.0. The Governor's budget omitted 2.0 FTE because it was developed prior to the third and fourth FTE coming on board. A 2.0 FTE increase is requested to reflect current staffing, at no additional increase in appropriation authority.

EDUCATIONAL SERVICES PROGRAM

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	76.88	81.98	76.88	6.00	82.88	76.88	6.00	82.88
Personal Services	2,182,954.83	2,579,168	2,495,382	180,892	2,676,274	2,490,998	180,479	2,671,477
Operating Expenses	1,614,062.15	1,662,840	1,645,939	670,842	2,316,781	1,653,963	721,854	2,375,817
Equipment	123,720.38	19,803	55,257	44,714	99,971	55,257	28,546	83,803
Local Assistance	14,050.86	0	0	0	0	0	0	0
Grants	14,796.01	0	0	430,800	430,800	0	436,800	436,800
Total Agency Costs	\$3,949,584.23	\$4,261,811	\$4,196,578	\$1,327,248	\$5,523,826	\$4,200,218	\$1,367,679	\$5,567,897
General Fund	1,028,097.46	1,184,453	1,115,322	111,415	1,226,737	1,116,234	108,814	1,225,048
State Special Revenue Fund	357,032.88	371,475	366,039	12,500	378,539	366,285	13,532	379,817
Federal Special Revenue Fund	2,564,453.89	2,705,883	2,715,217	1,203,333	3,918,550	2,717,699	1,245,333	3,963,032
Total Funding Costs	\$3,949,584.23	\$4,261,811	\$4,196,578	\$1,327,248	\$5,523,826	\$4,200,218	\$1,367,679	\$5,567,897

Overview

The Educational Services Program administers all federal grants received by the Office of Public Instruction. This program also administers vocational education, adult basic education, the film library, drivers' education, school food services and audiology.

Reorganization - FY91 data in the above table is not comparable to the FY92 and FY93 base budget.

The base FY92 and FY93 FTE and budget reflect a planned reorganization of certification/accreration staff (6 FTE) and their related operating expenses from this program to the State Superintendent's Program, but the appropriated FY91 column does not. Our workload did not permit us to prepare the budget, SBAS and payroll forms necessary to complete the reorganization prior to preparing our 1992-93 budget request.

Actual FY90 FTE and expenditures shown above have been restated as though the reorganization occurred in that year, thus FY90 data is comparable to the base budget for FY92 and FY93.

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CURRICULUM ASSISTANCE

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	18.00	18.00	18.00	.00	18.00	18.00	.00	18.00
Personal Services	502,345.48	661,108	660,881	1,523	662,404	659,285	1,516	660,801
Operating Expenses	140,803.03	293,000	303,024	-54,878	248,146	302,917	-51,037	251,880
Equipment	12,023.70	0	0	4,200	4,200	0	2,100	2,100
Total Agency Costs	\$655,172.21	\$954,108	\$963,905	\$-49,155	\$914,750	\$962,202	\$-47,421	\$914,781
General Fund	362,325.00	439,586	449,383	0	449,383	447,680	0	447,680
Federal Special Revenue Fund	292,847.21	514,522	514,522	-49,155	465,367	514,522	-47,421	467,101
Total Funding Costs	\$655,172.21	\$954,108	\$963,905	\$-49,155	\$914,750	\$962,202	\$-47,421	\$914,781

Overview

Curriculum Assistance services include technical assistance in specific curriculum areas as well as special areas of education such as early childhood and middle school programs and services for students who are identified as gifted or talented or those who have risk factors for success. Staff employed here write curriculum, recommend educational materials and teaching techniques, conduct accreditation visits and provide training to those associated with education. In addition, they plan, direct and assess the Montana Effective Schools Program as required by the federal Elementary and Secondary Education Act of 1988.

Goals

The goal of this program is to improve education for students in Montana by providing technical assistance, monitoring school programs, and implementing an effective schools program.

Authorization

Federal/State
Statute or Regulation

Title and Description

P.L. 100-297

Augustus F. Hawkins - Robert T. Stafford Elementary and Secondary Education Improvement Act of 1988.

34 CFR Part 76,77,298

Federal, State and Local Partnership for Educational Improvement.

20-3-103-, 20-3-104 MCA Deputy Superintendent--Staff, Discretionary Staff.
 20-3-106 MCA Supervisor of Schools--Powers and Duties.

Base Program

The Effective Schools Program is planned, implemented and assessed by curriculum assistance staff. Publications, inservice training and research associated with this program are provided.

Accreditation reviews of schools are conducted. Technical assistance in meeting accreditation standards is provided.

Inservice training in educational procedures, materials and techniques to meet the needs of students is provided through statewide, regional, district and even individual conferences and contacts.

Collaboration with other state and local agencies, as well as professional groups for planning, training and grant writing, is done to meet needs of special populations.

Curriculum guides and other technical assistance publications are developed by staff in this program.

Two curriculum specialist positions have been vacant for nine months of FY90. Projected workload increases reflect the filling of both positions for FY91.

Base Funding

Funding for Curriculum Assistance is provided by state General Fund and federal funds received under Chapter 2 of the Elementary and Secondary Improvement Act of 1988.

Performance Indicators

<u>Workload Measure</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Inservice Training Provided	444	504	504	504
Contacts with Professional Organizations--not including phone contact	230	250	250	250

<u>Workload Measure</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
School Monitoring-- Accreditation middle school approval, monitoring for Civil Rights compliance	70	90	150	150
Phone Contacts	24,355	27,250	27,350	27,350
Electronic Communication	600	700	900	1,200
On-site School Visitations;some duplication with school monitoring	947	1,000	1,000	1,000
<u>Publications</u>				
90--Revise CURRICULUM DEVELOPMENT PROCESS GUIDE First Half--Science Curriculum Guide First Half--Health Enhancement Curriculum Guide				
91--Complete Science Curriculum Guide Complete Health Enhancement Curriculum Guide Complete Effective Schools Guide Book First Half--Fine Arts Curriculum Guide First Third--Communication Arts Curriculum Guide First Half--Math Curriculum Guide				
92--Complete Fine Arts Curriculum Guide Complete Math Curriculum Guide Second Third--Communication Arts Curriculum Guide First Half--Guidance Curriculum Guide				
93--Complete Communication Arts Curriculum Guide Complete Guidance Curriculum Guide Revise Effective Schools Guide Book				

Increases and Decreases to Base

Revenue Adjustment

The "incr/decr" columns in the table on page 30 include a base adjustment of \$(49,155) in FY92 and \$(47,421) in FY93. This adjustment, specifically allowed by the Governor's budget instructions, transfers authority between "activities" within the Educational Services Program. It does not represent a decrease in the Office of Public Instruction's total budget.

ESEA Chapter 2

During 1989, a new Chapter 2 law went into effect requiring major changes in the program and implementation of new requirements. In addition, the U.S. Department of Education conducted a program compliance review and made strong recommendations to increase supervision of the Chapter 2 program.

The new Chapter 2 law has requirements which demand additional time of a program specialist in the following ways:

1. A more elaborate district application process has at least doubled the time involved in approving the 538 district proposals.
2. Calls for technical assistance have increased significantly as districts need help completing the new, more complex district application.
3. The annual evaluation is now more extensive as Congress tries to gather information on the effectiveness of these dollars.

Moreover, the U.S. Department of Education recommends more supervision of the program as outlined below:

1. A system of monitoring more districts needs to be implemented. In the past, very few districts were monitored for compliance with the law and regulations. The federal program officer stated that past practices were woefully inadequate and could jeopardize our state's grant as an audit exception. OPI has worked with the federal office on an adequate monitoring schedule which will entail a review of each district once every three years. Approximately 178 districts will need to be monitored each year.
2. OPI needs to assist districts in better supervision of Chapter 2 services for nonpublic schools.
3. OPI must make a better effort to assure that districts are keeping inventories of goods purchased with these

funds and labeling equipment with "Chapter 2."

In FY 90, over \$1.9 million was allocated to Montana school districts for Chapter 2 programs. These are some of the few dollars targeted for "school improvement."

FUNDING REQUESTED:

	<u>FY92</u>	<u>FY93</u>
Federal Funds	\$141,843	\$141,843

Other Issue:

Curriculum Specialists Fully Funded Out of the General Fund or the Foundation Program

The office presently has 11 basic education curriculum specialists to provide instructional assistance, inservice training, maintain and publish curriculum guides, support the telecommunications project, and perform mandatory accreditation visits as required by 20-7-102 MCA, 20-7-113 MCA, and 20-7-114 MCA. These staff provide services to over 9,500 teachers in 538 school districts. Their workload is compounded by the fact that approximately half are elementary teachers requiring services in every elementary curriculum area. The total current level budget for these 11 curriculum staff is approximately \$915,000, \$465,000 of which is paid for with federal money.

The federal funding is Chapter 2 money for effective schools with restrictions for use in targeted areas. The rational is that these funds be used for EXTRA materials, workshops, and travel to support and supplement the basic program of instruction. Because our funding level does not provide even a basic program, it is questionable to use Chapter 2 funds for this effort.

The specialists are in math, science, elementary curriculum, foreign language, social science, art education, library media, gifted and talented, language arts, reading, and health enhancement.

It is unreasonable and poor public policy to have the federal dollar dictate half of our specialists' work product. If my office is going to provide the critical guidance necessary for the accreditation standards, it is imperative the positions be divorced from the federal funding mechanism.

FUNDING REQUESTED:

	<u>FY92</u>	<u>FY93</u>
General Fund -OR- State Special Revenue	\$480,367	\$482,101

CHAPTER 1/MIGRANT ADMINISTRATION

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Personal Services	220,109.49	260,774	8.25	.00	8.25	8.25	.00	8.25
Operating Expenses	119,983.10	64,600	260,732	599	261,331	260,487	596	261,083
Equipment	11,670.45	0	64,991	35,678	100,669	65,694	35,223	100,917
Grants	0.00	0	0	0	0	0	0	0
Total Agency Costs	\$351,763.04	\$325,374	\$325,723	\$356,277	\$320,000	\$326,181	\$355,819	\$320,000
Federal Special Revenue Fund	351,763.04	325,374	325,723	356,277	682,000	326,181	355,819	682,000
Total Funding Costs	\$351,763.04	\$325,374	\$325,723	\$356,277	\$682,000	\$326,181	\$355,819	\$682,000

Overview

ESEA Chapter 1 of Public Law 100-297 allocates funds to local school districts to provide supplementary remedial services to students and includes supportive services for migrant children.

The Chapter 1 office provides for the administration and management of the ESEA Chapter 1 programs in Montana. The program provides fiscal management of Chapter 1 funds.

Goals

Provide fiscal management, policy direction, and overall supervision to local school districts in accordance with P.L. 100-P.L. 100-297

Authorization

Federal/State
Statute or Regulation

Title and Description

P.L. 100-297

Augustus F. Hawkins - Robert T. Stafford Elementary and Secondary School Improvements of 1988.

34 CFR Parts 200 & 204,
201, 203, 116B

Chapter 1 Program for Local Educational Agencies, Migrant Children, Neglected and Delinquent Children, State-operated Programs for Handicapped Children.

Base Program

It is the purpose and responsibility of the Chapter 1 office to insure that the operation of local Chapter 1 projects are in compliance with P.L. 100-297 and to provide technical assistance to local school districts regarding program operation, compliance, fiscal management, and program improvement. All Chapter 1 administrative funds must be used for state administration of Chapter 1 programs at the local school district and state agency institution level and for the summer migrant program. Currently 8 sites serve over 1,200 children of migrant workers, and more than 220 projects provide Chapter 1 remedial services to over 14,000 students.

Chapter 1 administration had a non-filled specialist position for part of fiscal 1990. The number of migrant programs are expected to increase by one in each year of the 1993 biennium, and the number of migrant students is expected to grow by 500 from fiscal 1991 to 1993.

Base Funding

Total funding for Chapter 1 administration is provided by the U.S. Government via P.L. 100-297.

Performance Indicators

<u>Workload Measure</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Number of applications processed	227	237	238	239
Number of workshops	52	52	55	55
Number of projects monitored	88	97	98	99
Number of evaluations processed	227	237	238	239
Number of revisions and Amendments processed	457	457	458	459

Increases and Decreases to Base

Revenue Adjustment

The "incr/decr" columns in the table on page 33 include a base adjustment of \$36,277 in FY92 and \$35,819 in FY93. This adjustment, specifically allowed by the Governor's

budget instructions, is a transfer between "activities" within the Educational Services Program. It does not represent an increase in the Office of Public Instruction's total budget.

Program Improvement Administration
Public Law 100-297 provides new funding to local school districts to participate in the required program improvement established by the statute. Current level Chapter 1 state administration funding is expected to increase because of added responsibilities resulting from the new component of Program Improvement.

FUNDING REQUESTED:

<u>Federal Funds</u>	<u>FY92</u>	<u>FY93</u>
	<u>\$50,000</u>	<u>\$50,000</u>

Migrant Flow-through
Historically, Chapter 1 Migrant monies received by the Office of Public Instruction for distribution to school districts have not been Legislatively appropriated. Subsequent to submitting a modified budget proposal requesting an appropriation for Migrant flow-through monies, we concluded that the past practice of not appropriating these monies is proper. We, therefore, withdraw our request for an additional \$320,000 in appropriation authority in each year of the 1992-93 biennium.

SPECIAL EDUCATION ADMINISTRATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	10.50	10.50	10.50	.00	10.50	10.50	.00	10.50
Personal Services	314,992.75	326,915	326,830	749	327,579	326,179	749	326,928
Operating Expenses	161,850.65	202,271	203,684	278,451	482,135	205,083	328,151	533,234
Equipment	4,539.71	0	0	20,800	20,800	0	13,100	13,100
Total Agency Costs	\$481,383.11	\$529,186	\$530,514	\$300,000	\$830,514	\$531,262	\$342,000	\$873,262
General Fund	37,073.66	38,439	38,439	0	38,439	38,439	0	38,439
Federal Special Revenue Fund	444,309.45	490,747	492,075	300,000	792,075	492,823	342,000	834,823
Total Funding Costs	\$481,383.11	\$529,186	\$530,514	\$300,000	\$830,514	\$531,262	\$342,000	\$873,262

Overview

The Bureau of Special Education provides for overall supervision, fiscal management, technical assistance and monitoring of special education programs and services statewide to handicapped children in public schools, private residential placements and state-operated programs. Fiscal management is exercised over all state and federal special education funds.

Goals

- Provide overall fiscal management of EHA and state special education funds in accord with P.L. 94-142 regulations and Montana laws.
- Develop policy direction and provide direct technical assistance to school districts and training of personnel.
- Allocate funds to school districts and monitor school districts for compliance in accord with requirements set forth by EHA-B regulations and state special education laws and rules.

Authorization

Federal/State
Statute or Regulation

Title and Description

EHA 20 USC Sec. 1400-1485

The Education for All Handicapped Children Act of 1975 As Amended, (P.L. 94-142).

- 34 CFR Parts 76 and 77 Education Department General Administrative Regulations (EDGAR).
 34 CFR Part 300 Assistance to States for Education of Children.
 34 CFR Part 104 Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.
 Section 20, Chapter 7, Special Education for Exceptional Children.
 Part 4

Base Program

The Bureau of Special Education conducts the following administrative activities:

- Development of the State Plan for the delivery of special education services in the state (required for the receipt of federal funds).
- Development and dissemination of state special education policies and procedures as they relate to the education of handicapped children.
- Technical assistance to school districts to assist in application for federal and state special education funds.
- On-site monitoring of school districts to ensure compliance with federal and state laws and regulations.
- Technical assistance to districts in program development and operation.
- Review of all program applications for state and federal funding to ensure they meet federal and state regulations.

All administrative activities listed above will be extended to include special education programs for handicapped children between the ages of 3 and 6, pursuant to 20-7-411(3), MCA, which implements federal legislation mandating handicapped preschool special education services.

In addition, on-site technical assistance and parent/staff training is provided to all programs serving the deaf/blind population. The state agency's comprehensive system of personnel development is reviewed annually through a statewide needs assessment and statewide training is coordinated and provided for district personnel with the institutions of higher education, other state agencies, parent and professional groups.

Base Funding

EHA provides total funding for all administration of Special Education in Montana with the exception of funding the Director of Special Education position. The salary for the director is paid 100 percent out of state general fund. A portion of the special education programs are monitored each year. When larger programs are monitored, as in fiscal 1991, fewer on-site visits are made.

Performance Indicators

<u>Workload Measure</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Due Process Hearings	7	10	12	12
On-Site Monitoring	61	51	60	60
Complaint Investigation	13	15	16	16
Mediation Hearings	3	4	5	5
Workshops	22	22	22	22
Interagency Coordinating Activities	27	27	27	27
Flow Through Applications (Amendments, transfers, evaluations)	120	120	120	120

Increase to Base

EHA-B Administration

OPI expects an increase in federal funding for special education administrative and set aside costs. Four factors contribute to the significant increase:

1. Current level does not include approximately \$80,000 available for administrative set-asides during the 1990-91 biennium. OPI has requested budget amendments in FY90 and FY91 for this additional funding. The additional \$80,000 for administrative set-asides will also be available in 1992-93.
2. For a variety of reasons, we anticipate a significant increase in due process hearings.
3. FTE assigned to monitoring/complaints responsibilities has increased. Federal monitoring of Montana's programs will result in an increased emphasis in this area.
4. We anticipate a significant increase in preschool funds.

Anticipated FY92 Funding

EHA-B Administrative/Set-aside	\$608,000
EHA-D	\$ 80,000
EHA-IVC	\$ 80,000
EHA-Preschool	\$ 75,000
Total	\$843,000

The above figures are based on a projected 10 percent increase over available FY90 funding for EHA-B Administration, EHA-D, and EHA-IVC and a 50 percent increase in EHA-Preschool. FY93 is based on an anticipated 5 percent increase in each program over FY 92.

FUNDING REQUESTED:

Federal Funds	FY92	FY93
	\$300,000	\$342,000

Special Education Staffing

This request is for a 2.00 FTE increase over FY 90-91 (11.15 FTE staff currently administer \$34 million in state funds and \$5 million in federal funds.) The increase in FTE positions is as follows:

1.0 FTE Special Education Budget Officer - The Director of Special Education is currently serving as the budget officer. As special education programs throughout the state expand, and funding levels increase, the responsibilities for accountability are enhanced. Decisions with regard to special education funding in this state are not a clerical activity. The responsibilities for the distribution of over \$33 million in state funds is based on an individual review of each budget application for its merits. These merits include assessments of

relative need for additional FTE and program expansion at the district level. In order to make these judgments, it is necessary to understand the complexities of the individual student's needs and to judge the appropriateness of the expansion of services.

Additionally, \$500,000 in contingency requests are distributed annually. The evaluation process for eligibility requires a review of needs based on the district staffing patterns and the needs of individual students. The cost of salary and benefits (Grade 16) would be \$33,273 in each year of the biennium. Operating costs would total approximately \$13,400.

1.0 FTE Administrative Assistant - The Office of Public Instruction's commitment to training and federal requirements under the Education of the Handicapped Act have resulted in expansion of the responsibilities of the Special Education unit in the area of inservice training. The present administrative assistant is serving the Special Education director and two special education monitors. The present responsibilities include maintaining data for the Comprehensive System of Personnel Development (CSPD) that has been incorporated into the State Special Education Plan; issue reimbursements for the Early Childhood Traineeship Awards; and other general office functions. The significant increase in training activities sponsored by the unit is consuming 50% of the present administrative assistant's time, making it difficult to keep up with the other duties assigned to the position. Approval of the above FTE will also increase the need for additional support services. The cost of salary and benefits (Grade 9) would be \$19,578 in each year of the biennium. Operating costs would total approximately \$8,400.

FUNDING REQUESTED:

FTE	FY92	FY93
General Funds	2.00	2.00
	\$67,751	\$60,551

Full Time Equivalent Employees	Fiscal 1990	Fiscal 1991	Fiscal 1992		Fiscal 1993	
	Actual	Appropriated	Base	Incr/Decr	Base	Incr/Decr
	10.48	10.48	10.48	.00	10.48	.00
Personal Services	303,524.06	337,338	337,257	770	338,027	337,462
Operating Expenses	101,793.52	59,518	60,330	20,748	81,078	81,949
Equipment	75.00	0	0	0	0	0
Total Agency Costs	\$405,392.58	\$396,856	\$397,587	\$21,518	\$419,105	\$419,411
General Fund	177,798.51	181,063	181,434	0	181,434	181,740
Federal Special Revenue Fund	227,594.07	215,793	216,133	21,518	237,671	237,671
Total Funding Costs	\$405,392.58	\$396,856	\$397,587	\$21,518	\$419,105	\$419,411

Overview

The Office of Public Instruction is responsible for managing federal Carl D. Perkins Vocational Education Act activities at secondary schools, Job Training Partnership Act state education coordination activities, the Targeted Job Tax Credit program, and state Vocational Education funds under HB 518 of the 1981 session. With funding from these federal and state programs, the OPI provides grants to schools, community-based organizations, units of the university system, state agencies, and others for vocational education and job training programs.

At least 80 percent of the JTPA funds which OPI receives must be passed-through to state and local agencies as State Education Coordination Grants. These grants fund classroom training that is designed, when coordinated with on-the-job training, to prepare youth and adults for entry into the labor force and afford job training to economically disadvantaged individuals and others facing serious barriers to employment.

As part of its vocational education functions, OPI has a contract with the Board of Regents to manage post-secondary youth organizations, including Vocational Student Organizations of Future Farmers of America, Distributive Education Clubs of America, Business Professionals of America, Future Home Makers of America/Home Economics Related Organizations, and Vocational Industrial Clubs of America. This contractual arrangement was mandated by House Bill 39 (L. 1987).

Goals

To provide policy direction and technical assistance to agencies providing vocational education and job training programs.

To provide leadership in developing vocational programs to reflect state-of-the-art technology, safety practices, and instructional concepts.

To facilitate coordination of education and job training services through negotiation of cooperative agreements, dissemination of program information, training of program providers, and sponsorship of training support services with statewide impact in order to improve available services and minimize unnecessary duplication.

Authorization

<u>Federal/State Statute or Regulation</u>	<u>Title and Description</u>
P.L. 98-524	Carl D. Perkins Vo-Ed Act.
34 CFR Parts 401, 407, through 412, and 414 through 417	Federal Vo-Ed Regulations.
34 CFR Parts 74 through 79	Education Department General Administrative Regulations.
P.L. 97-300	Job Training Partnership Act.
20 CFR Parts 634 through 684	Implementing Regulations for Programs under JTPA.
26 CFR	Implementing Regulations for the Targeted Jobs Tax Credit of the Internal Revenue Code.
P.L. 99-519	Asbestos School Hazard Abatement Act of 1984.
40 CFR Parts 702 to 799	Federal Asbestos Regulations for Schools.
29 CFR Parts 31 and 32	Equal Opportunity and Nondiscrimination.
P.L. 94-467, 97-129, 98- 80, 98-620, 99-419, 100- 418, 100-551	Toxic Substance Control Act.
40 CFR Parts 702 through 799	Toxic Substance.
MCA 20-7-301	Duties of the Superintendent of Public Instruction (Vo-Ed).
MCA 20-7-302	Duties of the State Director of Vocational Education.
MCA 20-7-303	Authorization to Establish and Maintain Vocational Education Courses and Programs.
MCA 20-7-305 and 306	Funding for Secondary Vo-Ed Programs.
ARM 10.44.101 through 107	State Administrative Requirements Vo-Ed.
ARM 10.44.201	General Requirements Vo-Ed.
ARM 10.44.202 through 210	Special Requirements for Vo-Ed Programs.

MCA 75-2-502 and 503	Asbestos Control.
40 CFR Part 763	Asbestos in Schools.
Federal radon gas legislation pending	
Asbestos rules of Montana pending	
P.L. 97-300 (as amended)	Job Training Partnership Act (Section 123 - State Education Coordination Grants).
20 CFR 626	Introduction to Regulations Under the Job Training Partnership Act.
20 CFR 627	State Responsibilities Under the Job Training Partnership Act.
20 CFR 629	General Provisions Governing Programs Under Titles I, II, and III of the Job Training Partnership Act.
20 CFR 630	Programs Under Title II of the Job Training Partnership Act.
MCA 53-2-1110	Coordination of Job Training and Employment Programs - Review of Job Training Plans.
29 CFR 31	Equal Opportunity in Employment in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.
29 CFR 32	Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.
P.L. 98-524 (as amended)	Carl D. Perkins Vocational Education Act - Coordination with programs under the Job Training Partnership Act.
34 CFR 401.19	Assurances of coordination with programs under the Job Training Partnership Act.

Base Program

OPI provides administrative, policy, fiscal, and programmatic direction to vocational education agencies. It is the responsibility of the Office of Public Instruction to insure that all projects and activities receiving vocational education funds are operated in compliance with federal and state laws.

Under the JTPA program, the staff provides overall policy direction, program management, and fiscal management to six to fourteen direct service programs operated by local education agencies, community-based organizations, and state social service agencies. Funds for these direct service programs flow through to local program operators,

and require a dollar-for-dollar cash or in-kind local matching contribution.

Policy direction and program management are provided by professional staff, with assistance of support staff. Policy direction involves negotiation with the State Job Training Coordinating Council and private industry councils in each JTPA service delivery area, and consultation with the State Council on Vocational Education and other interested parties. This activity requires professional staff attendance at approximately twenty meetings per year.

Program management involves soliciting program providers, contracting for services, technical assistance to program providers, monitoring each program provider annually to

assess compliance with applicable laws and regulations, evaluating program performance and reporting findings, and recommending program modifications.

Fiscal management involves subgrant and contract management, monitoring expenditures and matching contributions monthly, evaluating fiscal progress and recommending program modifications, providing technical assistance to program providers, disbursing flow-through funds to program providers monthly, and reporting aggregate expenditures to grantor agency monthly.

Base Funding

Funding for the administration of Vocational Education is provided partially from Federal sources via PL 98-524 and PL 97-300 and from the State General Fund. Both Federal acts require matching funds. The required match for administration is a 50% cash match.

Total funding for JTPA (Education Coordination) is provided through a subgrant from the Montana Department of Labor and Industry. Funding is a direct function of federal appropriation by Congress and formula allocation to states. Funding is not expected to exceed \$610,000 in either FY92 or FY93 for both direct services and coordination facilitation. Current appropriation and allocation trends indicate that total annual funding may fall to \$545,000 or less in FY92 and FY93.

Performance Indicators

Vocational Education

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Workshops Offered	20	30	30	20
State Conference Held	10	10	10	10
Technical Assistance Calls	25918	26000	26000	26000
Career Success Magazine	28000	28000	28000	28000
Teacher Organizations Served	6	6	6	6
Handicapped Projects	36	40	40	40
<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Handicapped Served	715	750	800	850
Disadvantaged Projects	55	60	65	70
Disadvantaged Served	2192	2250	2350	2500
LEP Programs	2	3	4	5
LEP Served	50	75	100	125
Adult Programs	31	35	35	35
Adults Served	2800	3200	3200	3200
Apprenticeship Programs	15	15	15	15
Apprentices Served	250	250	250	250
Single Parent Projects	3	5	6	6
Single Parents Served	80	90	100	100
Sex Equity Projects	4	8	10	12
Students Served in Sex Equity	120	250	300	350
Criminal Offender Programs	2	2	2	2
Offenders Served CDP Title II	60	60	60	60
Students Served	13645	14000	14500	15000
Consumer Home-Ec Students Served	2444	2500	2600	2600
CDP Title I Students Served	3110	3200	3300	3300
Agriculture Ed Programs	69	70	75	75
Agriculture Ed Students Served	3164	3200	3300	3300
Business Ed Programs	126	130	135	135

Increase or Decrease to Base

Revenue Adjustment

The "incr/decr" columns in the table on page 38 include a base adjustment of \$21,518 in FY92 and \$21,220 in FY93. This adjustment, specifically allowed by the Governor's budget instructions, transfers authority between "activities" within the Educational Services Program. It does not represent an increase in the Office of Public Instruction's total budget.

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Business Ed				
Students Served	6052	6300	6500	6500
Marketing Programs	17	20	20	20
Marketing Students Served	1821	2000	2000	2000
Home Economics Programs	121	130	140	150
Home Economics Students Served	7594	8000	8400	8800
Technology Education	91	100	120	140
Technology Ed Students Served	6278	7000	7800	8600
Trade and Industrial Programs	43	50	50	50
Trade Students Served	3890	4200	4200	4200
Co-op Students Served	250	300	300	300
Public Hearings Conducted	12	1	12	12
JTPA				
<u>Workload Measure</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Contracts Negotiated	15	15	15	15
Projects Evaluated	15	15	15	15
Corrective Action Plans	5	4	4	4
Participants Served	662	600	600	600
Public Hearings Conducted	8	2	8	2
Workshop Presentations	5	6	6	6

TITLE IV

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	2.50	2.50	2.50	.50	3.00	2.50	.50	3.00
Personal Services	65,237.08	73,724	73,711	16,496	90,207	73,522	16,458	89,980
Operating Expenses	138,532.52	208,476	209,113	-83,840	125,273	210,280	-88,680	121,600
Equipment	11,363.41	0	0	3,300	3,300	0	1,200	1,200
Grants	14,796.01	0	0	20,800	20,800	0	26,800	26,800
Total Agency Costs	\$229,929.02	\$282,200	\$282,824	\$-43,244	\$239,580	\$283,802	\$-44,222	\$239,580
Federal Special Revenue Fund	229,929.02	282,200	282,824	-43,244	239,580	283,802	-44,222	239,580
Total Funding Costs	\$229,929.02	\$282,200	\$282,824	\$-43,244	\$239,580	\$283,802	\$-44,222	\$239,580

Overview

The Department of Education provides grants to the state education agency to provide technical assistance, training, and/or resources to assist school districts, personnel and communities in identifying and serving linguistically and racially diverse students, and eliminate gender discrimination in compliance with state and federal laws and regulations.

Goals

Educational disparity occasioned by national origin, gender, and race will be reduced in Montana school districts through implementation of the Title IV grant.

Authorization

Federal/State
Statute or Regulation

Title and Description

Title IV and Title IX of the Civil Rights Act of 1964.

P.L. 88-352

State Educational Agency Desegregation Program.

CFR 75.2-75.217

Technical assistance for desegregation of public schools.

P.L. 92-318

Guarantee of equality of educational opportunity and the American Indians.

49-2-307, MCA	Freedom from discrimination in education.
10.55.109, ARM	Accreditation Standard prohibiting discrimination by any district.
10.55.802, ARM	Accreditation Standards - Opportunity and Educational Equity.
10.55.803(b), (c) and (h), ARM	Accreditation Standards - Learner Access Native American needs, cultural differences, special needs.
10.55.1601(g), ARM	Accreditation Standards - Nurture understanding of Native American cultures.
Ridgeway Settlement Agreement, 1984	District Court order requiring sex equity in sports and related activities.

Base Budget

Federal technical assistance grants are provided to the Office of Public Instruction to assist local education agencies and teachers throughout the state who serve minority students and students of diverse language backgrounds or national origin. The National Origin program anticipates a change in staffing for fiscal 1991 which will allow the workload to increase to meet demographic projections of increased limited-English-proficient students in Montana.

Training and resources are provided to districts to assist in eliminating gender discrimination. A gender specialist was hired in January of 1990 in a renewed commitment to the program, and the workload measures will increase through fiscal 1992. A "remedial plan" is being developed and implemented in compliance with the Ridgeway Settlement Agreement on sports equity.

Base Funding

This program is funded 100% by the federal government under P.L. 88-352 and Title IV Desegregation Technical Assistance Grants.

Performance Indicators

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
No. of workshops/conferences	18	18	18	18
No. of individual student programs designed	52	52	52	52

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Consultations with districts	50	70	70	70
Proposals researched/written	4	4	4	4
Reports/newsletters prepared and disseminated	5	5	5	5
Response to requests for information/visits/assistance	295	395	420	420
Teacher Training Sessions	14	15	17	17
Public Forums/Regional Training Events	5	9	16	16

Increases and Decreases to Base

Revenue Adjustment

The "incr/decr" columns in the table on page 43 include a base adjustment of \$(68,244) in FY92 and \$(69,222) in FY93. This adjustment, specifically allowed by the Governor's budget instructions, is a transfer of authority between "activities" within the Educational Services Program. It does not represent a decrease in the Office of Public Instruction's total budget.

Race Equity

The Race Equity grant provides funding for technical

assistance to schools on or near Indian reservations and those that have other minority children enrolled. This grant allows the OPI to provide services to approximately 14,000 school age Indian children as well as their parents, teachers, school boards and administrators. The grant award for FY92-93 is expected to increase \$25,000 over current level.

FUNDING REQUESTED:

	<u>FY92</u>	<u>FY93</u>
Federal Funds	\$25,000	\$25,000

National Origins

The Title IV Civil Rights grant to OPI provides current level funding in the amount of \$232,000 for technical assistance to school districts in the areas of gender, national origin and race desegregation. This grant as approved includes a 1 FTE specialist in the area of National Origins, but current level funding is for .5 FTE and 20 hours per week contracted services. In order to comply with the grant as approved by the Department of Education, and to comply with State and Federal guidelines regarding the designation of an individual as an employee vs. a contractor, an additional .5 FTE is requested to replace the contractor.

FUNDING REQUESTED:

	<u>FY92</u>	<u>FY93</u>
FTE	0.50	0.50

Gender Equity

As a result of Ridgeway vs. Montana High School Association, et al., OPI is under federal court order to perform certain activities related to gender equity each year in all school districts in Montana. Documentation of the court order is available in Gender Equity Office or OPI Legal Services. Specific court ordered actions charge that OPI shall:

- provide to the school districts in Montana technical assistance in self-evaluation and self-improvement in providing sex equity in athletics;

Local School District Activities -

- continue to respond to questions on issues of equity and shall continue to provide interpretations of state

and federal law pertinent to school districts, school personnel office and trustees throughout the state of Montana;

continue to distribute sex equity materials such as handbooks, policies, new articles, and other vital information which is important for a school district in maintaining compliance;

continue to distribute materials such as sex equity handbooks, examples of school board policies, grievance procedures, etc. to any requesting school district and/or will inform school districts of developments regarding equity laws;

continue to provide the following workshops to school districts, county superintendents and administrators on an "as needed" basis, pending federal funding;

- 1) The Cost of Sex Bias in the Classroom
- 2) Teacher-Student Interaction
- 3) Evaluating Textbooks for Bias
- 4) Women in History
- 5) Career Awareness
- 6) Myth and Reality of Women Workers
- 7) Math Anxiety

continue to provide the following statewide workshops, pending federal funding;

- 1) Women Interested in School Administration
- 2) Sex Equity in Athletics
- 3) Technology's Implications for Education

State Level Activities -

continue its in-house committee on equity to assure that all publications are free from sex bias and are in compliance with the law;

provide districts with handbooks on equity and self-evaluation;

continue to provide in-house workshops and inservice for all Office of Public Instruction specialists on sex equity and how to provide technical assistance to schools;

continue to maintain a Human Potential Specialist (sex equity) in the Department of Vocational Education, pending availability of federal funding;

OPI's legal counsel shall continue to train county superintendents as hearing officers pursuant to the Rules of Controversy, concentrating immediate attention on sex equity issues.

Federal funds have been cut gradually over the last several years so that none of these court-ordered activities have been funded. In order to avoid litigation and other court requirements against OPI and the state, state funding must be budgeted to begin fulfilling these court mandated programs.

These funds will be used to pay the salary, benefits and operating expenses associated with hiring a .50 administrative assistant, and to pay the cost of conducting a court-ordered conference for approximately 100 school administrators and teachers each year.

FUNDING REQUESTED:

	<u>FY92</u>	<u>FY93</u>
FTE	0.50	0.50
General Fund	\$27,588	\$27,588

OTHER EDUCATIONAL SERVICES

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
	25.82	30.92	25.82	5.50	31.32	25.82	5.50	31.32
Personal Services	753,757.97	884,776	801,447	160,677	962,124	800,389	160,311	960,700
Operating Expenses	917,394.90	782,508	757,757	477,761	1,235,518	761,124	480,826	1,241,950
Equipment	81,191.11	19,803	55,257	13,414	68,671	55,257	9,146	64,403
Local Assistance	14,050.86	0	0	0	0	0	0	0
Grants	0.00	0	0	90,000	90,000	0	90,000	90,000
Total Agency Costs	\$1,766,394.84	\$1,687,087	\$1,614,461	\$741,852	\$2,356,313	\$1,616,770	\$740,283	\$2,357,053
General Fund	450,900.29	525,365	446,066	111,415	557,481	448,375	108,814	557,189
State Special Revenue Fund	297,483.45	284,475	284,475	12,500	296,975	284,475	13,532	298,007
Federal Special Revenue Fund	1,018,011.10	877,247	883,920	617,937	1,501,857	883,920	617,937	1,501,857
Total Funding Costs	\$1,766,394.84	\$1,687,087	\$1,614,461	\$741,852	\$2,356,313	\$1,616,770	\$740,283	\$2,357,053

Overview

This activity contains 17 educational programs. With the exception of the GED testing program and audiology services, the programs are funded all, or in the majority, by federal funds or state special revenues. Major activities included in this program are; School Foods, Certification, Accreditation, Audiology and Traffic Safety. Numerous federal programs such as AIDS, drug free schools, veterans education, and the McKinney homeless children are also included.

Goals

The major goals of this program are to 1) guarantee quality schools, teachers and administrators through management of the accreditation/certification process and 2) ensure the federal funds are utilized, in accordance with the funding restrictions, to improve the educational opportunities for Montana school children and adults. By aggressively seeking federal funding we can continue to improve the quality of educational opportunity while holding down state expenditures.

Authorization

<u>Federal/State Statute or Regulation</u>	<u>Title and Description</u>
Title 38, U.S.C.	Veterans Benefits, Chapters 30, 32, 34, 35 (Montgomery G.I. Bill/Active Duty).
Title 10, U.S.C.	Educational Assistance for Members Chapter 10 of the Selective Reserve.
P.L. 100-323	Veterans Employment Training and Counseling Amendments of 1988.
P.L. 93-638	Indian Self-Determination and Educational Assistance Act of 1975 (Public Law 93-638 88 Stat.2203).
P.L. 100-297	Augustus F. Hawkins - Robert and Stafford Title II Elementary and Secondary School Improvements 1988-Title II - Mathematics and Science Education Programs Reauthorized as the Dwight D. Eisenhower Mathematics and Science Education Act.
P.L. 100-297	Augustus F. Hawkins - Robert and Stafford Title III Elementary and Secondary School Improvements 1988-Title III - Adult Education Programs.
Federal Register August 18, 1989 Education; Part VIII 34 CFR Part 425, et al.	State-Administered Adult Education Programs and Secretary's Discretionary Programs for Adult Final Regulations.
P.L. 100-77	Stewart B. McKinney Homeless Assistance Act Title VII, Subtitle B - Education of Homeless Children and Youth.
EHA 20 USC	Requires that services provided for handicapped Section 1400-1485 children be rendered by qualified professional staff in each individual discipline.
P.L. 99-570	Drug-Free Schools and Communities Act of 1986.
P.L. 100-297	Amendments of 1988.
P.L. 100-690	Amendments of 1989.
Title IV, Part A, Subpart 6, Higher Education Amendments, 1986 as amended	Senator Robert C. Byrd Honor Scholarship Program.
13.118	Catalogue of Federal Domestic Assistance.
Federal Law	Public Health Service Act [Section 301(a)] (42 USC 241 (a) as amended) Public Health Service Act [Section 311 (b and c)] (42 USC 243(b) as amended).
CFDA:84.073C	National Diffusion Network: State Facilitator Project.

P.L. 100-297	Augustus F. Hawkins - Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988.
CFR Part A 548.1-548.4	Bilingual Education: State Educational agency Program.
P.L. 100-297	Augustus F. Hawkins - Robert T. Stafford Elementary and Secondary School Improvements of 1988.
34 CFR Parts 76, 77, and 298	Federal, State, and Local Partnership for Educational Improvement.
34 CFR Part 81	General Education Provisions Act - Enforcement; Notice of Proposed Rule making.
20-3-106	Supervision of schools - powers and duties.
20-4-101	System and definition of teacher and specialist certification.
20-4-102	Board of Public Education Policy.
20-4-103	Issuance of teacher of specialist certificate.
20-4-108	Terms of teacher and specialist certificates -renewal.
20-4-110	Suspension, revocation, and denial of certificate - appeals.
20-4-111	Emergency authorization of employment.
20-4-121	Interstate agreement on qualification of educational personnel.
20-4-122	Designated official for purposes of interstate agreement.
20-4-123	Preservation and publication of contracts made pursuant to interstate agreement.
20-3-106	Supervision of schools - powers and duties.
20-4-106	Classification of teachers and specialist certificates.
220-7-101	Standards of Accreditation.
20-7-102	Accreditation of schools.
20-10-20	Acceptance, expenditure, and administration of federal school food service monies.
20-7-502	Duties of the Superintendent of Public Instruction;
20-7-503	District establishment of a Traffic Education Program;
20-7-504	State Traffic Education Account - proceeds earmarked for the account;
20-7-506	Annual allocation and distribution of Traffic Education Account proceeds - allocation for

20-7-201	state administration;
	Libraries. Authority of Superintendent of Public Instruction in maintenance and operation of library.
20-3-106-24	Responsibility of Superintendent of Public Instruction.
20-7-712	Adult Basic Education Fund and its Distributors.
20-7-131	Equivalency of completion of secondary education.
20-2-121	Board of Public Education-rules (#10).
ARMS 10.66.101	Regulations/rules established for GED Testing Program in Montana and authority for issuance of high school equivalency certificates.
- 10.66.106	
20-7-403(13)	Requires that the Superintendent of Public Instruction supervise and coordinate the conduct of special education in the state by contracting for the delivery of audiological services to those children allowed by law in accordance with policies of the Board of Public Education.
20-9-603	Requirement for the Superintendent to apply for accept federal funds.
20-10-202	Records, reports, reviews and Audits.
20-10-203	School food commodities.
20-10-204	Duties of trustees.
20-10-205	Allocation of federal funds to school food services fund for federally connected, indigent pupils.
20-10-206	Pupils in state institutions included.
20-10-207	School Food Services Fund.
Sec. 2-12, 60	National School Lunch Program.
Stat.230	
Child Nutrition Act	School Breakfast Program, Special Milk Program.
Sec. 326 of P.L. 99-500 and 99-591,	Summer Food Service Program.
P.L. 97-35	
P.L. 96-499,	
P.L. 95-627,	
P.L. 95-166,	
P.L. 91-248	

P.L. 95-166 Nutrition Education and Training Program.
P.L. 74-320 Food Distribution.

P.L. 75-165,
P.L. 79-396,
P.L. 81-439,
P.L. 91-665,
P.L. 84-540
P.L. 85-931;
P.L. 86-756
P.L. 89-321,
P.L. 90-302,
P.L. 93-288,
P.L. 93-326,
P.L. 94-105,
P.L. 95-113,
P.L. 95-478,
P.L. 95-627,
P.L. 99-198,
P.L. 100-237

P.L. 89-642, State Administrative Expense Funds.

Stat. 885, 886, 889, Determining Eligibility for Free and Reduced Price Meals and Free Milk.

Base Program

The major emphasis of this program is improving the quality of instruction and, accordingly, the educational opportunity for Montana school children and adults. Activities are specifically defined by Board of Public Education policy or in the applicable federal law or regulation. The majority of staff time spent on these projects consists of training teachers and administrators through workshops, assisting in curriculum development at the schools, assessing student needs through various assessment tools and district surveys and setting up demonstration projects.

Base Funding

Traffic Safety and Advanced Drivers Education are funded with State Special Funds. Pupil Transportation Safety, Audiology, and GED are funded from the General Fund. The Audio Visual Library is funded from State Special funds, the General Fund and Federal Chapter 2 monies. The School Food Cooperative Purchasing Program is funded from State Special funds. The Federal School Foods Grant requires a General Fund match for administration expenses of \$67,277. The remaining activities in this program are federally

funded.

Performance Indicators

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Average daily lunches served	77,546	77,546	77,546	77,546
A.V. Library bookings	10,000	11,000	11,000	11,000
G.E.D. certificates issued	1,800	1,800	1,800	1,800
Professional certificates	5,500	5,500	5,500	5,500
Audiology screenings	68,197	68,197	68,197	68,197
Medical referrals	4,530	4,530	4,530	4,530

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Complete evaluations	3,525	3,525	3,525	3,525
Scholarships awarded	17	17	17	17
Workshops conducted	147	147	147	147
Programs reviewed	468	697	643	783
People served	18,242	19,650	19,650	19,650
Technical assistance contacts	38,685	39,410	39,410	39,410
Math/Science teachers impacted	2,615	2,615	2,615	2,615

Increases and Decreases to Base

Revenue Adjustment

The "incr/decr" columns in the table on page 47 include a base adjustment of \$59,604 in FY92 and in FY93. This adjustment, specifically allowed by the Governor's budget instructions, transfers authority between "activities" within the Educational Services Program. It does not represent an increase in the Office of Public Instruction's total budget.

AudioLOGY

The Office of Public Instruction has been notified that the U.S. West Grant for audiological services in Montana will not be awarded for FY 92 and FY 93.

This will result in a shortfall to the hearing conservation program of approximately \$136,000 per year. The Governor's Office has approved \$68,000 in general fund each year with the expectation we will raise \$68,000 in private contributions each year. The office needs the appropriation authority for the private contributions.

FUNDING REQUESTED:

	<u>FY92</u>	<u>FY93</u>
General Fund	\$68,000	\$68,000
State Special Revenue	\$68,000	\$68,000

At Risk Child Intervention
Early Childhood Intervention Services are becoming an

important issue in the public schools. Studies are indicating that early support for children who are environmentally at risk of experiencing cognitive delays can significantly reduce future need for special education and resource programs. No agency currently offers these services.

OPI currently provides services to 2,445 children aged birth through 6 years old under the accepted definition of "handicapped". Early intervention services provided by education will be identification of children "at risk" for delays and early education for preschool aged children who are experiencing educational delays due to environmental factors.

Indian Health Programs suspect 35% to a high of 45% of children born on Reservations being at risk for cognitive delays. Paired with the suspected figure of 18% of all children in Montana are experiencing delays due to environmental factors, OPI may be able to identify as many as 6,000 children under age 5 who would benefit from early identification and support services. A 30% decrease in the need for resource and special education programs to these children in the first through sixth grade may be realized if early intervention services are implemented.

In order to better specify the population to be served by Early Intervention services in OPI it will be necessary to develop a definition of "At Risk" that will serve the largest portion of identified children in the most cost effective manner. A 1.00 FTE (grade 16) will be required to write a definition of the population to be served and to prepare a cost analysis of the definition (including current costs of the program and projected savings in Adult Basic Education Services, Job Programs, GED and to elementary resource programs), develop and monitor an expanded Child Find program during the first year of the program, monitoring child find, training specialists and developing or locating an instrument to identify "at risk" children. Travel may be necessary up to 12 times yearly. This FTE may also be required to serve as staff to a federal advisory council and work cooperatively with other agencies now providing some services to children who would benefit from Early Intervention services.

The U.S. Congress is currently considering legislation in the Education and Labor Committee of the House to provide federal funding for support to child care providers, public and private prekindergarten programs through the local education department. If this legislation becomes law, rules and regulations governing the federal funds may

decrease the cost of this program to the General Fund. The President's National Education Goals, recommends early identification and education for "at risk" children aged 4 and up. HeadStart programs will be expanded to meet the needs of some children currently identified as below the poverty level, but early identification of children considered "at risk" for educational delays can include:

Children whose parents are either Developmentally Disabled or with Severe and Persistent Mental Illness and,

Children who have been previously unidentified as Mentally Ill or Emotionally Disturbed,

Children who may be identified later as Learning Disabled.

FUNDING REQUESTED:

FTE	FY92	FY93
General Funds	1.00 \$41,213	1.00 \$38,787

Cooperative Food Purchase

The School Foods Division Cooperative Food Purchase Program has grown consistently since at least December 1987 and is expected to continue to grow at a rate of 3 percent each year.

School Districts choosing to participate in the Cooperative Food Purchase program are assessed an administration fee equal to 2% of their purchases. These fees are deposited into the State Special Revenue Fund and are used to pay salaries, benefits and operating expenses associated with the program. As the program grows, so do the costs of administration.

This is a request to increase current level spending authority to equal the amount of administrative fees expected to be collected during the next biennium.

COOPERATIVE FOOD PURCHASE HISTORY		
Date of Bid	Total Bid	Administrative
December 1987	\$ 480,468	\$ 9,609
September 1988	715,156	14,312
December 1988	510,280	9,962
September 1989	958,782	19,382
December 1989	694,566	13,976
	\$3,359,253	\$67,243

The September bid is the largest bid each year. The December bid typically decreases in volume and dollars.

FUNDING REQUESTED:

State Special Revenue	FY92	FY93
	\$12,500	\$13,532

Bicentennial Competition

OPI has received funding from the Center for Civic Education for the past four years. Prior to FY90 this funding was not deposited in the state treasury and accounted for through SBAS. In FY90, the Office of Public Instruction requested and received a budget amendment for this activity. There is no state or federal funding given OPI for this program.

The program provides curriculum materials and assistance for competition expenses involved in the study of the Constitution and the Bill of Rights. The program is co-sponsored by the Commission on the Bicentennial of the United States Constitution and funded by an Act of Congress. Montana receives direct funding from the Center for Civic Education.

FUNDING REQUESTED:

Federal Funds	FY92	FY93
	\$7,500	\$7,500

School Foods

In order for the School Foods Division to meet USDA program requirements in the areas of compliance monitoring, special assistance, training and administration it is necessary for the division to contract for services or hire additional staff. A management evaluation of the OPI School Foods Division conducted by the USDA Regional Office in October 1989 resulted in a report recommendation that an additional specialist be hired.

The division has a .50 FTE Grade 16 School Food Service Specialist. An additional .50 FTE will allow the division to hire a full-time specialist, rather than hiring a half-time specialist and contracting for the other half. Current level federal funding for this program is adequate to pay the additional personal services costs.

FUNDING REQUESTED:

FTE	FY92	FY93
	0.50	0.50

Nutrition Education Training (NET) Grant

Additional money has been authorized by the federal government for the Division of School Food's NET Program. PL 101-147 extends NET through 1994 and allows for gradual restoration of funds. As a minimum grant state, Montana's NET grant will increase from the current level of \$50,000 to \$62,500 in 1992-93.

This increase in federal funds will be used to provide additional nutrition education training workshops.

FUNDING REQUESTED:

Federal Funds	<u>FY92</u>	<u>FY93</u>
	\$12,500	\$12,500

Drug Free Schools

The Drug-Free Schools and Communities Act of 1986 provides financial assistance to states to help local schools with kindergarten through 12th grade (K-12) drug prevention programs.

This is a request to continue the .50 budget amendment FTE and add a 1.00 FTE education specialist and a .50 support person to work in the Drug Free program and increase current level authority of \$50,000 to the anticipated amount of the Drug Free grant award for FY92-93. The additional 1.50 FTE will be 100% federally funded and are needed due to:

1. expansion of drug-free schools and communities grant requirements,
2. additional responsibility for monitoring of local educational agencies' work plans,
3. additional number of schools enrolled in the drug-free program and,
4. expansion of technical assistance duties such as workshops, inservices, materials development and distribution, and review of special project funding requests from local education agencies.

The additional grant monies will be used to carry out mandated services as well as provide technical assistance to Montana's schools.

FUNDING REQUESTED:

Federal Funds	<u>FY92</u>	<u>FY93</u>
FTE	\$132,490 2.0	\$132,490 2.0

AIDS Education

The Federal Center for Disease Control (CDC) provides 100 percent of the funds to staff and operate OPI's AIDS Education program. The AIDS Education program was established to increase the level of AIDS-related knowledge among Montana's students, school decision-makers, and teacher education candidates.

The AIDS grant award for FY90 was \$77,000 higher than current level. OPI requested and received a budget amendment to spend the additional \$77,000 and added 1.50 FTE to the AIDS staff. The additional staff are needed to meet existing and on-going services and responsibilities, to respond to increased demands for technical assistance, to increase program accountability for expanded grant requirements, and to monitor local education agencies' work plans. If approved, this request will continue the federally funded 1.50 FTE as current level in FY92-93.

We expect the AIDS grant award for FY92-93 to increase by \$99,000 over current level. The additional funds will be used to pay the salary, benefits, and operating expenses associated with the 1.5 FTE.

FUNDING REQUESTED:

Federal Funds	<u>FY92</u>	<u>FY93</u>
FTE	\$99,000 1.5	\$99,000 1.5

Bilingual Grant

Federal law now allocates a minimum of \$75,000 to State Education Agencies for administration of the Title IV Bilingual grant, an increase of \$25,000 over the current level allocation of \$50,000. The money will be used for salary, benefits and operating expenses associated with hiring an additional .50 specialist. The specialist will collect data and provided technical assistance to Local Education Agencies (LEA) regarding limited English proficiency students.

FUNDING REQUESTED:

Federal Funds	<u>FY92</u>	<u>FY93</u>
FTE	\$25,000 0.50	\$25,000 0.50

At-Risk Students

The Office of Public Instruction can expand the "at-risk" programs throughout the state through the program offering demonstration projects, training and conferences. Montana's rural schools lack access to programs and services that assist in dealing with at-risk students. National studies show that students who drop out of high school cost society more--both in increased welfare and social service costs and in lost human potential. For each \$1 spent on "at-risk" programs, \$7 to \$12 could be saved in social service and custodial costs.

Throughout Montana and the nation, new efforts are being made to help "at-risk" children stay in school. "At-risk" children are those that are experiencing trouble in school, have home situations that hinder learning, have substance abuse problems, or have other problems which make them likely to drop out of school. The eight largest school districts in the state have instituted "at-risk" programs. However, in Montana's many smaller schools, there is no program to assist these youths in staying in school.

At a relatively low cost, OPI can expand "at-risk" programs throughout the state through the following program:

1. Demonstration Projects--\$10,000. OPI would solicit request for proposals from districts for a two-year "at-risk" demonstration project involving 15 to 150 students. OPI would select from each of three regions of the state (west, central, and eastern) and fund up to \$3,333 for each for first year. (The district would guarantee funding for the second year.) This "seed money" approach would allow districts to demonstrate to trustees, parents and the community the value of the program and provide demonstration sites for other districts.
2. Training and Conferences--\$10,000. OPI would further increase knowledge about the "at-risk" programs OPI would further increase knowledge about the "at-risk" programs by holding annual conferences and training sessions in the three regions of the state (east, central and west). OPI would arrange for nationally recognized experts on this topic to work with teachers and counselors on recognizing "at-risk" students and implementing strategies to keep them in school. In addition, districts that had successful demonstration projects could share their experiences with other districts at these conferences.

This program would not require additional staff. Existing staff funded under another federal program would devote quarter time to organizing the conferences and overseeing the demonstration projects. The staff would also seek federal grants and funding from other programs to augment this effort.

FUNDING REQUESTED:

General Fund	<u>FY92</u>	<u>FY93</u>
	\$33,059	\$33,059

OTHER ISSUES

Full Time American Indian Education Specialist

Montana has a Constitutional requirement to preserve Native American cultural integrity and provide equality of educational opportunity. To date we have not made a general fund financial commitment to implement that requirement.

FUNDING REQUESTED:

FTE	<u>FY92</u>	<u>FY93</u>
General Fund	0.50	0.50
	\$24,071	\$23,997

Advanced Drivers Education

The Department of Administration Accounting Bureau, has recommended in a report to the Legislative Finance Committee that the fund balance in this account be transferred to the General Fund.

Funding for the Advanced Drivers Education program is from user fees and "specific use" highway traffic safety monies received through the Department of Justice. No State General Fund money has ever been appropriated to this program, which is in its twelfth year of operation.

Presently this program is experiencing an annual \$15,000 shortfall of revenue versus expenditures. Without an additional revenue source, our "unobligated fund balance" will be consumed in four years or less for this reason alone. Following are several additional reasons why this fund balance should not be transferred to the General Fund.

1. The balance of the Advanced Drivers Education Account was purposely accumulated over the past several

years to permit this program to add, replace and upgrade the Advanced Driver Education facility and equipment located in Lewistown over a five year period. The 1989 Legislature appropriated \$25,000 to the Office of Public Instruction from the accumulated fund balance to make facility improvements in FY90.

2. Since this is a self supporting operation, it would not be prudent to operate without a reserve for facility/equipment replacement, unexpected repairs, and for unanticipated revenue shortfalls. This program is equipment/facility dependent and for safety reasons, maintenance of the facility and the equipment cannot be delayed.

3. Since 1981 the Highway Traffic Safety Division has provided over \$160,000 of federal highway safety program funds to support the training of a variety of safety personnel in this program. Although these funds came to the Office of Public Instruction from the State's Department of Justice, the monies that make up the Advanced Drivers Education account fund balance are federal dollars. (Refer to the Federal Register, Vol.53, No. 48, Friday, March 11, 1988 which states, "program income shall be used for the purposes and under the conditions of the grant agreement.") This then restricts and effectively earmarks these monies for Montana Advanced Driver Education Program use only.

35010612.980

MOTORCYCLE SAFETY

Full Time Equivalent Employees	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
	1.33	1.33	1.33	.00	1.33	.00
Personal Services	22,988.00	34,533	34,524	78	34,445	78
Operating Expenses	33,704.43	52,467	47,040	-3,078	47,365	-3,078
Equipment	2,857.00	0	0	3,000	0	3,000
Total Agency Costs	\$59,549.43	\$87,000	\$81,564	\$0	\$81,810	\$0
State Special Revenue Fund	59,549.43	87,000	81,564	0	81,810	0
Total Funding Costs	\$59,549.43	\$87,000	\$81,564	\$0	\$81,810	\$0

Overview

The Motorcycle Safety Program is mandated by law to work with government and private agencies to promote safety and awareness in the operation of motorcycles through motorcycle safety training and advertisement.

Goals

Improve the safety of Montana motorcyclists through reduction of deaths, injury and property damage on streets and highways by making high quality, certified safety training available across the state.

Authorization

Federal/State
Statute or Regulation

61-2-401

Motorcycle Safety Promotion. See Goals above.

61-2-402

Motorcycle Safety Advisory Committee. Establishes a committee to advise the Superintendent on motorcycle safety issues.

61-2-403

Standards for Motorcycle Safety Training. Establishes minimum standards for training based upon Motorcycle Safety Foundation standards.

61-2-404

Motorcycle Safety Training Course Fees. Authorizes charging of fees and contracting for motorcycle training throughout the state.

61-2-405

Motorcycle Registration Fee. Establishes a \$2.50 fee on each motorcycle registered for

licensing.

61-2-406

Motorcycle Safety Training Account. Establishes an account to receive revenue collected from motorcycle registrations.

P.L. 89-564

Highway Traffic Safety Grants and Local Assistance. Reduce highway traffic injuries and death.

Base Program

The Motorcycle Safety Program is mandated to establish administrative procedures, contracts, fee schedules, fee reimbursement, course monitoring, evaluation, instructor selection procedures and criteria, planning, advertising, motorcycle awareness promotion, budget management, and program management necessary to provide motorcycle safety training in Montana. The program contracts with and provides technical assistance to local entities providing the training. P.L. 89-564 funds provide for one FTE to administer the program.

Base Funding

The program described above is funded from the \$2.50 motorcycle registration fee. Motorcycle registrations have declined at an average of 9.4% each year since 1983. FY 90 revenue is estimated at \$50,715. If the decline continues at the same rate, revenue may be insufficient to support the program at necessary levels. Using 9.4% as a reduction factor, FY 92 revenue is estimated at \$41,629, FY 93 at \$37,716. P.L. 89-564 funds are not expected to change. Revenues are statutorily appropriated.

Performance Indicators

Workload Measures	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
Number of novice riders trained	100	140*	140	140
Number of experienced riders trained	60	100	125*	125
Number of Instructors trained	22	10	10	10
Develop and contract with local program sponsor/trainers	6	12	14	16

* Note: Numbers of riders trained increases for novices in FY91 and experienced in FY92 because numbers of local sponsors in place, and numbers of instructors providing training, are anticipated to peak in those years.

Increase or Decrease to Base

None.

DISTRIBUTION TO PUBLIC SCHOOLS PROGRAM

35010900.000

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Operating Expenses	16,908.58	22,016	0	0	0	0	0	0
Local Assistance	303,952,982.60	393,168,937	418,668,937	18,297,000	436,965,937	418,668,937	17,825,000	436,493,937
Grants	5,421,892.37	4,132,782	4,132,782	0	4,132,782	4,132,782	0	4,132,782
Total Agency Costs	\$309,391,783.55	\$397,323,735	\$422,801,719	\$18,297,000	\$441,098,719	\$422,801,719	\$17,825,000	\$440,626,719
General Fund	42,098,818.97	41,982,030	41,968,937	112,655,000	154,623,937	41,968,937	128,189,000	170,157,937
State Special Revenue Fund	263,170,666.01	351,200,000	376,700,000	-94,358,000	282,342,000	376,700,000	-110,364,000	266,336,000
Federal Special Revenue Fund	4,122,298.57	4,141,705	4,132,782	0	4,132,782	4,132,782	0	4,132,782
Total Funding Costs	\$309,391,783.55	\$397,323,735	\$422,801,719	\$18,297,000	\$441,098,719	\$422,801,719	\$17,825,000	\$440,626,719

Overview

The Distributions to Public Schools Program includes all discretionary distributions of state and federal funds to public schools.

STATE AND COUNTY EQUALIZATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Local Assistance	259,195,971.00	350,000,000	375,500,000	18,297,000	393,797,000	375,500,000	17,825,000	393,325,000
Total Agency Costs	\$259,195,971.00	\$350,000,000	\$375,500,000	\$18,297,000	\$393,797,000	\$375,500,000	\$17,825,000	\$393,325,000
General Fund	0.00	0	0	112,655,000	112,655,000	0	128,189,000	128,189,000
State Special Revenue Fund	259,195,971.00	350,000,000	375,500,000	-94,358,000	281,142,000	375,500,000	-110,364,000	265,136,000
Total Funding Costs	\$259,195,971.00	\$350,000,000	\$375,500,000	\$18,297,000	\$393,797,000	\$375,500,000	\$17,825,000	\$393,325,000

Overview

The public school foundation program is designed to meet the constitutional mandate contained in Article X, Section 1 of the Montana Constitution. In February 1989 the Montana Supreme Court ruled that the existing system of public school funding denied the right of equal educational opportunity for Montana students as guaranteed by Article X. In response, the Legislature restructured the school funding system for fiscal year 1991 and beyond by increasing the foundation program schedules, adding a guaranteed tax base component, and increasing state taxes to fund the state share of equalization aid.

This budget includes only flow-through funding and no administrative costs. It also includes the budget to record the county basic 55 mill levy in the State's accounting records, even though those funds are not deposited in the State treasury.

Goals

To distribute State funds to Montana Schools in accordance with the provisions of the Constitution, State statutes and Administrative Rule.

Authorization

Federal/State
Statute or Regulation

Title and Description

20-9-346 M.C.A.

Article X, Section 1 - Responsibility to administer distribution of state equalization

OFFICE OF PUBLIC INSTRUCTION

aid, (6 responsibilities).

20-9-369 M.C.A.

Responsibility to administer distribution of guaranteed tax base aid.

20-9-532 M.C.A.

Responsibility to administer retirement equalization aid.

Base Program

Under base funding, the objective is to fully fund the foundation schedules, guaranteed tax base aid, and protested property taxes from the county 55 mill levy and bonus payments.

Base Funding

The foundation program, bonus, guaranteed tax base and protested property tax payments are funded from the State Equalization Account in the Special Revenue Fund. The cost of the public school foundation program is determined by enrollment changes and the funding schedules adopted by the Legislature. Funding is distributed through the schedules on the basis of Average Number Belonging (ANB) in each school district.

Each permissive and retirement mill levied by a district is guaranteed to raise the same amount per ANB as one mill levied statewide raises per ANB. If a district's mill value is less than the statewide mill value then equalization aid is provided to make up the difference.

Net lottery revenues which had been used to offset county retirement levies are now allocated to the state equalization account.

Performance Indicators

Workload Measure	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
# of School Districts	544	544	544	544
# Districts qualifying for GTB Aid	233	233	233	233

Increase to Base

Foundation Program Schedule Inflation

In compliance with the Supreme Court decision, the 1989 Legislature accepted state responsibility to adequately

fund K-12 education.

To maintain the legislated level of equalization will require 4.66% annual inflationary increases in the foundation schedules. If inflationary factors are not considered, the level of current state equalization will be eroded.

FUNDING REQUESTED:

State Special Revenue	FY92	FY93
	\$16,000,000	\$33,000,000

Guaranteed Tax Base Subsidy Inflation

The 1989 Legislature provided for guaranteed tax base (GTB) aid for the general fund and retirement fund to districts with below average taxable valuation per ANB. The amount of money provided was considered in calculating an acceptable level of equalization aide to districts. To maintain the legislated level of equalization aide will require 4.66% annual inflationary increases. Without an inflationary adjustment to this funding source, the level of equalization support will erode below levels approved by the 1989 Legislature. GTB aid for FY91 for both the general fund and retirement fund is \$44,500,000.

FUNDING REQUESTED:

State Special Revenue	FY92	FY93
	\$2,073,700	\$4,244,034

Special Education Allowable Cost Inflation

State funding for special education allowable costs is a component of the state equalization of K-12 education costs. The 1989 Legislature increased the state's responsibility to adequately fund special education costs. To maintain the legislated level of equalization will require 4.66% annual inflationary increases. If inflationary factors are not considered. The level of

current state equalization will be eroded.

The 1989 legislative appropriation of \$33 million funded approximately 84% of 1990 special education approved allowable costs and 81.5% of FY91 costs. If allowable special education costs were fully funded by the state, the appropriation would increase by \$12 million in FY92 and \$14 million in FY93. This would have the effect of lowering property taxes statewide since districts would no longer have a levy locally for the unfunded costs.

FUNDING REQUESTED:

	FY92	FY93
State Special Revenue	\$1,500,000	\$3,100,000

Gifted and Talented Education

The current \$100,000 for gifted and talented start-up programs is the only state money available to districts for gifted and talented programs. This program would provide an additional \$749,000 for gifted education programs at an amount which is the average of the appropriations for gifted and talented education in the surrounding states.

This issue is the result of national and regional attention focused upon school excellence, at-risk students, and appropriate services to gifted and talented students in a continuous effort to provide services to Montana's gifted and talented students. In support of the Board of Public Education's focus on the need for gifted and talented programs, this office proposes to provide funds to each school district for those programs.

REGIONAL COMPARISON:

STATE	FY87 FUNDING	EXPENDITURES PER STUDENT (BASED UPON	
		3% OF ENROLLMENT	
South Dakota	\$2,034,621	\$535	
Idaho	2,000,000	\$314	
Utah	875,000	\$ 69	
Wyoming	405,279	\$137	
North Dakota	168,423	\$ 47	
Montana	100,000	\$ 22	
Weighted Average		\$164	

This budget request is based upon a weighted average of 3 percent of student enrollment for the six-state region.

With this funding, school districts can continue to develop their programs for gifted students (35% of districts based upon responses to a 1988 OPI survey), and the other 65% can begin to offer services.

FUNDING REQUESTED:

	FY92	FY93
FTE	1.00	1.00
General Fund	\$43,971	\$43,972
State Special Revenue	\$751,600	\$748,400

Other Issue

Due to a technical error in House Bill 28, the present allocations of individual income tax and corporate license tax to the public school equalization account expire on June 30, 1991. In fiscal 1991, these two revenue sources are projected to provide approximately \$143 million for schools. Because this revenue flow to the public school equalization account terminates in fiscal 1992, a general fund appropriation is necessary to replace the revenue. The executive budget proposes general fund appropriations of \$112.6 million for fiscal 1992 and \$128.2 million for fiscal 1993 to fund the foundation and guaranteed tax base aid programs with no increase in the foundation program schedules. The Office of Public Instruction intends to introduce legislation to restore the allocations of the individual income and corporate license taxes to the public school equalization account.

STATE TRAFFIC EDUCATION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	.00	.00	.00	.00	.00	.00	.00	.00
Local Assistance	1,199,999.69	1,200,000	1,200,000	0	1,200,000	1,200,000	0	1,200,000
Total Agency Costs	\$1,199,999.69	\$1,200,000	\$1,200,000	\$0	\$1,200,000	\$1,200,000	\$0	\$1,200,000
State Special Revenue Fund	1,199,999.69	1,200,000	1,200,000	0	1,200,000	1,200,000	0	1,200,000
Total Funding Costs	\$1,199,999.69	\$1,200,000	\$1,200,000	\$0	\$1,200,000	\$1,200,000	\$0	\$1,200,000

Overview

State Traffic Education annually allocates and distributes state traffic education account proceeds to local school districts conducting approved traffic education courses after first deducting funding necessary to provide for the state administration of the Traffic Education Program.

Goals

Annually distribute all moneys in the state traffic education account as per appropriate state law and OPI policy.

Authorization

Federal/State

Statute or Regulation

Title and Description

20-7-506, M.C.A.

Annual allocation and distribution of Traffic Education Account proceeds-allocation for state administration.

Base Program

Annually order the distribution of all moneys available in the state traffic account after first deducting funding needed to provide for the state administration of the program. This requires the processing of all traffic education program reimbursement requests as per OPI policy.

Base Funding

We anticipate no significant changes in FY92 and FY93 from current level revenue amounts. Amounts deducted for administration purposes are spent in Program 06 - Other

Educational Services. Expenditures from this budget are appropriated as a language appropriation.

Performance Indicators

Workload Measure	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
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Number of pupils processed for reimbursement	9,909	9,950	10,000	10,100
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Increase or Decrease to Base None.

DISTRIBUTIONS TO PUBLIC SCHOOLS

35010912.980

Full Time Equivalent Employees	Fiscal 1990		Fiscal 1991		Fiscal 1992		Fiscal 1993	
	Actual		Appropriated		Base	Incr/Decr	Base	Incr/Decr
	.00		.00		.00	.00	.00	.00
Operating Expenses	16,908.58		22,016		0	0	0	0
Local Assistance	43,351,422.35		41,968,937		41,968,937	0	41,968,937	0
Grants	5,421,892.37		4,132,782		4,132,782	0	4,132,782	0
Total Agency Costs	\$48,790,223.30		\$46,123,735		\$46,101,719	\$0	\$46,101,719	\$0
General Fund	41,893,229.41		41,982,030		41,968,937	0	41,968,937	0
State Special Revenue Fund	2,774,695.32		0		0	0	0	0
Federal Special Revenue Fund	4,122,298.57		4,141,705		4,132,782	0	4,132,782	0
Total Funding Costs	\$48,790,223.30		\$46,123,735		\$46,101,719	\$0	\$46,101,719	\$0

Overview

The Distribution to Schools program consists of state and federal special education, school foods, state and federal secondary vocational education, Job Training Partnership Act funds, gifted and talented, state and federal adult basic education, sex desegregation, and transportation.

State special education funds the majority of the costs associated with serving handicapped children. The distribution of the state general fund appropriation is based on approved services for each school district.

The school foods program disburses federal funds and USDA donated foods for school food services.

Vocational education grants are allocated to local agencies for vocational and community education programs.

Job Training Partnership Act funds are passed through OPI to local education agencies, community-based organizations, and social service agencies that provide educational and job training services to eligible youth and adults.

Gifted and Talented grants are provided to districts for the development and improvement of programs for gifted and talented learners. Funds are disbursed in the form of competitive grants that require local matching funds.

Adult Basic Education funds are used to operate adult basic education centers and related programs. Federal funds for

adult basic education require a 25 percent non-federal match.

Federal Desegregation Technical Assistance grants provide funds to reimburse districts for expenses incurred in training educators to comply with federal, state, court-ordered, and Board of Education requirements mandating equity in educational programs and activities. Funds are awarded to school districts through a competitive grant process which establishes several new training sites each year.

State transportation funds reimburse school districts for providing transportation to students living more than 3 miles from school. The state's share of the reimbursement is one-third of the statutory schedule, which is based upon rate per mile, bus size, and occupancy. The state reimbursement for transportation of special education students equals two-thirds of the statutory rate.

Goals

- To disburse federal and state funds to local education agencies, community-based organizations, and other eligible recipients for direct services provided by these programs.
- To provide policy direction and administrative guidance, and ensure that these pass-through funds and grants are spent in compliance with the authorizing federal and state legislation.

Authorization

<u>Federal/State Statute or Regulation</u>	<u>Title and Description</u>
EHA 20 USC Sec. 1400-1485	The Education for All Handicapped Children Act of 1974 As Amended, (P.L. 94-142).
34 CFR Part 76 and Part 77	Education Department General Administrative Regulations (EDGAR).
34 CFR Part 300	Assistance to States for Education of Children.
34 CFR Part 104	Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.
20-9-321, M.C.A.	Maximum General Fund Budget and Contingency Funds for Special Education (Temporary).
20-7-431, M.C.A.	Allowable Cost Schedule for Special Programs - Superintendent to Make Rules-Annual Accounting.
20-7-443, M.C.A.	Financial Assistance for Under Six-Year-Old Special Education.
20-7-422, M.C.A.	Out-of-State Tuition for Special Education Children (Temporary).
20-9-603, M.C.A.	Requirement for the Superintendent to apply for and accept federal funds.
20-7-457, M.C.A.	Funding Provisions for Special Education Cooperatives as Joint Boards.
Sec. 2-12, 60 Stat. 230, as amended; sec. 10, 80 Stat. 270; 42 U.S.C. 1751-2760, 1779. Subchapter A--Child Nutrition Programs, Part 210.17	National School Lunch Act.
20-7-903 and 904, M.C.A.	Gifted and Talented Children.
P.L. 100-297 Elementary Title	Augustus F. Hawkins - Robert R. Stafford and Secondary School Improvements of 1988-III Adult Education Programs.
Federal Register and August 18, 1989	State-Administered Adult Education Programs Secretary's Discretionary Programs for Adult Education; Final Regulations.
Part VIII 34 CFR	Part 425, et al.
20-7-712, M.C.A.	Adult Basic Education Fund and its Distribution.

20 CFR

Implementing Regulations for Programs Pts 634-684 under JTPA

26 CFR

Implementing Regulations for the Targeted Jobs Tax Credit of the Internal Revenue Code.

P.L. 99-519

Asbestos School Hazard Abatement Act of 1984.

40 CFR Parts 702 to 799

Federal Asbestos Regulations for Schools and Toxic Substances.

29 CFR Parts 31 and 32

Equal Opportunity and Nondiscrimination.

P.L. 94-467, 97-129,
98-80, 98-620, 99-419,
100-418, 100-551

Toxic Substance Control Act.

20-7, Part 3, M.C.A.

Vocational and Technical Education
State Administrative Requirements Vo-Ed
Requirements for Vo-Ed Programs.

Arm 10.44.101 through
107

Arm 10.44.201 through
210

75-2-502 and 503, M.C.A.

Asbestos Control.

Base Budget

The level of grants and pass through monies available under these programs is dependent on federal and state appropriations. Program funding within the Office of Public Instruction is used to provide administrative, policy, and fiscal guidance to educational service providers.

Base Funding

State special education, transportation, and gifted and talented funding is provided through a general fund appropriation. School foods is funded under the National School Lunch Act and requires a state general fund match. The matching requirement is computed by comparing the per capita income of the state to that of the nation. The state appropriation may not be less than 30 percent of the federal school lunch funds received in fiscal 1981. Neither state revenues derived from the operation of the program nor administrative expenses may be counted as part of the match.

Federal funding for Adult Basic Education, provided under P.L. 100-297, Title III, requires a 25 percent non-federal match. State adult basic education funds must also be matched with local funding.

The gender equity program is federally funded through a Title IV Desegregation Grant (P.L. 88-352, CFD 840.004C).

State education coordination grants under the Job Training Partnership Act are funded by a subgrant with the Montana Department of Labor and Industry. Funding is a direct function of federal appropriation by Congress and formula allocation to the state.

Vocational education is federally funded under P.L. 98-524 and P.L. 97-300; both federal acts require state matching funds. The required match for administration is 50 percent.

Performance Indicators

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Special Education				
Requests for Contingency Funds	110	112	114	114
Contingency Applications Approved	60	60	61	61
Contingency Projects Monitored	60	60	60	60
Allowable Costs Applications Approved	360	360	400	400
EHA Applications (amendments, transfers evaluations)	120	120	120	120
School Foods Number of Lunch Agreements	286	288	289	290
Number of Section 4 Meals Served	13,975,000	14,185,413	14,469,121	4,758,504
Gifted and Talented				
Current Grants	27	30	30	30
Summer Grants (projected)	4	5	5	5
Number of applications	50	75	90	90
Amendments processed	10	15	20	20
Adult Basic Education				
Number of Adult Basic Education Centers - Federal Funds	19	21	22	23

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Number of Adult Basic Education Centers -State Funds	11	11	11	11
Number of Special Demonstration Projects -Federal Funds	8	8	8	8
Number of Homeless Adult Education Project Federal Funds	4	0	0	0
Sex Desegregation				
Number of Districts with initial training	3	2-3	4	4
with continuing training	6	8	8	8
Number of Hours Reviewing Applications	100	150	150	150
Administration Training for 50 Facilitators	2400	2400	2400	2400
	50	50	50	50
Transportation				
Bus Mileage Reimbursed	16,925,760	16,925,760	16,925,760	16,925,760
Individual contracts	3,000	3,000	3,000	3,000
# of students qualifying for Room and Board	456	456	456	456
Correspondence Course Students	6	6	6	6
JTPA Ed. Coordination				
Grants Negotiated	1	1	1	1
Grant Revision Applications Processed	2	2	2	2
Contracts Negotiated	24	15	15	15
Contracts Revised	15	15	15	15
	4	3	4	2

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Technical Assistance Visits	9	9	15	9
Projects Evaluated	15	15	15	15
Corrective Action Plans	5	4	4	4
Participants Served	662	600	600	600
Vocational Education				
Workshops Offered	20	30	30	20
State Conferences Held	10	10	10	10
Student Offices Trained	42	42	42	42
Curriculum Guides	5	5	5	5
Technical Assistance Calls	25918	26000	26000	26000
Career Success Magazine	28000	28000	28000	28000
Teacher Organizations Served	6	6	6	6
Handicapped Projects	36	40	40	40
Handicapped Served	715	750	800	850
Disadvantaged Projects	55	60	65	70
Disadvantaged Served	2192	2250	2350	2500
Adult Programs	31	35	35	35
Adults Served	2800	3200	3200	3200
Apprenticeship Programs	15	15	15	15
Apprentices Served	250	250	250	250
Workload Measures				
Single Parent Projects	3	5	6	6
Single Parents Served	80	90	100	100
Sex Equity Projects	4	8	10	12
Students Served in Sex Equity	120	250	300	350
Criminal Offender Programs	2	2	2	2
Offenders Served	60	60	60	60
CDP Title II Students Served	13645	14000	14500	15000
Consumer Home-Ec Students Served	2444	2500	2600	2600
CDP Title I Students Served	3110	3200	3300	3300
Agriculture Ed Programs	69	70	75	75
Agriculture Ed Students Served	3164	3200	3300	3300
Business Ed Programs	126	130	135	135
Business Ed Students Served	6052	6300	6500	6500
Marketing Programs	17	20	20	20
Marketing Students Served	1821	2000	2000	2000
Home Economics Programs	121	130	140	150
Home Economics Students Served	7594	8000	8400	8800
Technology Education	91	100	120	140
Technology Ed Students Served	6278	7000	7800	8600

<u>Workload Measures</u>	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Trade and Industrial Programs	43	50	50	50
Trade Students Served	3890	4200	4200	4200
Co-op Education Programs	23	25	25	25
Co-op Students Served	250	300	300	300

Increase to Base

Chapter 1

Public Law 100-297 provides new funding to local school districts to participate in the required program improvement program established by the statute. These funds are flow-through funds to local school districts. The funds will be used by local school districts to improve Chapter I services for educationally disadvantaged children.

FUNDING REQUESTED:

<u>FY92</u>	<u>FY93</u>
Federal Funds \$ 90,000	\$90,000

